

Arrangements lapse for Russia's debts

By Leyla Boulton in Moscow

Russia's debt rescheduling arrangements with western governments lapse today amid confusion over Russian reform intentions.

In April, the Paris Club of creditor governments rescheduled over 10 years more than \$15bn of the \$20bn in capital and interest due in 1993. But no arrangements have been made to reschedule some \$16bn due in 1994 as well as additional arrears on payments made last year after the rescheduling.

The April agreement was also conditional on Russia concluding a standby agreement with the International Monetary Fund by October - another condition which has not been met, and is unlikely to be met in the near future.

Both the debt and the standby issues are likely to remain in limbo at least until a new Russian government and central bank chairman are confirmed next month following the reformists' defeat in the parliamentary elections.

Western governments, anxious to support reforms but keen for clues on how President Boris Yeltsin intends to proceed, have little choice but to wait upon Russia's next move.

Separate talks on rescheduling \$25bn owed to western commercial banks have failed

The Russian defence minister's call for a reversal of cuts agreed for the armed forces may be part of a personal campaign to keep his job, but may also signal a shift in Russian policy, diplomats said yesterday, writes Leyla Boulton.

General Pavel Grachev announced on Wednesday that he would ask the new Russian parliament to reconsider a ceiling of 1.5m men for the year 2000. Gen Grachev is said to be at the risk of losing his job in a government reshuffle due next month because he has become unpopular with both President Boris Yeltsin and the armed forces.

to produce any long-term rescheduling, leading instead to a series of 90-day rollovers. The latest of those postponements also expired today, but was in recent days replaced by a new rollover expiring on March 31 1994.

"We received a communication from Russia asking us to roll over [the debt] which we did because having no agreement in place would allow individual banks to proceed to attach assets," said one western banker.

Some trading firms have already taken action to freeze Russian assets but this has not been emulated by the banks, which hope their united front will help recover loans in future.

They have all but stopped lending to Russia since 1991, when Moscow began defaulting on debts incurred by the former Soviet Union.

A tentative deal, whereby Russia would start repaying commercial banks in the final quarter of 1993, fell through after Moscow rejected a crucial condition set by western bankers for a long-term rescheduling of the \$26bn owed to them.

This condition required the state, rather than the government, to guarantee the agreement - thereby enabling banks to claim state-owned assets if the rescheduling was not respected. Talks are expected to resume with creditor banks in the next month or two.

Some Russian reformers have floated the idea of a partial write-off of Russian debts such as that granted to Poland when it launched radical market reforms. But this has been rejected by Mr Boris Fyodorov, finance minister, who recently took sole charge of debt negotiations, and by western governments and bankers who say Russia is rich enough to settle its debts.

Mr Vladimir Zhirinovskiy, the neo-fascist victor of recent parliamentary elections, has advocated stopping all debt payments - like Hitler, who unilaterally cancelled German debt repayments in 1934, and Lenin, who disavowed all Tsarist debts after the Bolsheviks seized power in Russia.



A Russian Jew sifts through rubble after a fire yesterday destroyed his synagogue, one of three in Moscow. The cause is still unknown but anti-Semitism is alarming the city's Jewish community.

Kinkel urges stronger ties with the east

By Andy Dempsey in Berlin and agencies

Mr Klaus Kinkel, Germany's foreign minister, yesterday said greater security and economic links between the European Union and the Nato alliance must be extended to the countries of eastern Europe and Russia.

In an end-of-year foreign policy statement, Mr Kinkel said the EU and Germany in particular, must strengthen the region's security, economic and democratic structures through more intensive relations.

"It should be our goal to build up our relations with our eastern neighbours as intensively and confidently as we have done over the past decades," he said.

However, Mr Willy Claes, his Belgian counterpart, said a more hurried approach to Nato membership for eastern European countries would cause serious trouble for Russian reformers, adding that Nato membership for countries such as Poland and Hungary, was "not for tomorrow".

The ministers' views reflect a fundamental debate within the EU and Nato on how best to consolidate reforms in both central Europe and Russia, which is likely to figure high

on Nato's agenda when it meets on January 10.

Mr Kinkel's statement also reflects concern, particularly in the Chancellor, that if the EU does not adhere to the timetable in admitting the Nordic countries and Austria, then prospects of opening up full membership to the countries of eastern Europe will fade and disillusion among the young democracies will set in.

"If the expansion [of the EU to include the Nordic countries and Austria] runs into difficulties, it would be a hard blow to the prospects of membership for other states for which we have held out hope."

Mr Kinkel said Bonn would do its utmost as holder of the EC presidency in the second half of 1994 to make sure that planned enlargement suffered no setbacks. "We Germans have a special responsibility here because of our past, but also because of our size, our economic power and our central position in Europe."

In the coming year, he wants to speed up the negotiations for European Union membership for Finland, Norway, Austria and Sweden, Mr Kinkel added.

Poland, Hungary, the Czech Republic and other former Soviet bloc states are seeking to join the European Union.

Rome reins in runaway state pension scheme



No other industrialised country has devised a state-run pension scheme so generous, so abused and now so unaffordable as Italy's. If reforms had not been introduced this year, it would have threatened to consume the entire national budget within 20 years. As it is, the reforms have arguably been too timid, and further changes will be necessary to reduce the flow of public funds.

The aim of the reforms, devised by Mr Giuliano Amato's government in 1992, was to reduce pressure on the budget by tackling the rapidly accelerating gap between state receipts from pension contribu-

women from 55 to 60 years. The only exception will be some categories of workers in arduous jobs like mining. At present, the process will be completed by 2003. But it is possible that the timescale will be accelerated to cut costs.

Retirement benefits are also being harmonised to eliminate the excessive privileges enjoyed by public sector employees. Until now, they have had access to so-called "baby pensions". This has enabled them to draw retirement pensions irrespective of age, after short periods of work. In the case of women, this is often less than 20 years, and a recent study showed 85 per cent of all civil servants retiring early.

The reforms are gradually bringing public sector employees into line with the private sector requirement. This envisages a minimum of 35 years of contributions to draw a pension before the usual retirement age. On an equally gradual basis, the minimum requirement for contributions for the sharp pension entitlement will be raised from 15 to 20 years. This is expected to increase the level of contributions.

The third area of reduced generosity concerns a new definition of pensionable earnings. Until now, Italians have been able to compute pensionable earnings on average adjusted earnings over the five years previous to the retirement date. This will now be gradually raised to cover the previous 10 years' earnings as in France, and for those with under 15 years' contributions their earnings average will be reduced over their entire working period.

However, for the time being Italians will still be able to obtain state pensions that pay up to 80 per cent of pensionable earnings, compared to 50 per cent in France.

These changes have been strongly resisted by an increasingly articulate and militant pensioners' lobby. However, the burden on the treasury is such that it would be surprising if more changes were not introduced.

In this year's budget the government has been obliged to pay L60,000bn (£2.7bn) to bridge the gap between contributions and payments. In 1994, the figure will rise to L72,000bn, well above projected inflation. With the pension population increasing, the savings from the reforms will not provide sufficient budgetary relief.

The biggest new burden is the large number of deals being struck, mainly with state-run industries, for early retirement to shed labour peacefully. Some 25,000 have been covered by early retirement deals this year.

This is the tenth article on welfare states around the world. Previous articles appeared on October 25, November 3, 8, 17, 19, 24, 30, December 10, 15.

Rate of job losses slows in France

By John Hidding in Paris

The increase in French unemployment slowed sharply during November, increasing by 3,200 to 3,28m, the labour ministry announced yesterday. The unemployment rate at the end of the month was stable at 12 per cent of the workforce.

A ministry official welcomed the figures and said they showed the effects of government measures to encourage training schemes and part-time employment. But he said that the rate of unemployment was likely to increase further.

This view was echoed by private sector economists. "The rate of increase has slackened but we are likely to see further rises in unemployment until the second half of next year," said Mr Paul O'Brien, economist at Morgan Guaranty.

The slowing in the rise of unemployment in November partly reflected a reduced number of job losses in the services sector.

Economists said that it also represented a correction from the sharp increase in October, when the rate jumped from 11.3 per cent to 12 per cent.

November's unemployment figures are the latest in a series of statistics which suggest that the economy has endured the worst of its sharp recession.

Mr Edmond Alphandery, economy minister, argues that the economy is now stabilising and is due to expand by about 1.4 per cent next year to terms of gross domestic product. Improved economic performance will, however, take time to curb the rate of joblessness, the most serious problem facing the government of Mr Edmond Balladur, the prime minister.

"There is a lag of a few quarters before growth feeds through into jobs," says Mr Jean-Francois Mercier, economist at Salomon Brothers.

The French environment minister, Mr Michel Barnier, yesterday called for an extraordinary EU meeting to review sea transport rules following the littering of France's western coast by explosives and pesticides which washed up on the shore. Reuter reports from Paris.

Some 5,000 explosive detonators, believed to have been spilled by a Cypriot vessel in September, began washing up on French beaches on December 17.

"The current situation is unbearable and seriously endangers Europe's environment," Mr Barnier said in a letter to his Greek counterpart, Mr Costas Laliotis, who would call such a meeting during his country's presidency of the EC starting next month.

"The measures which must be taken... to avoid such accidents becoming banal must be the product of international talks as a country cannot take action on sea transport on its own," he added.

"Time-off" programme aims to shrink country's long dole queues Denmark to expand job rotation plan

By Hilary Barnes in Copenhagen

The Danish government is giving a boost to its already ambitious job rotation programme, which, according to Mr Poul Nyrup Rasmussen, the prime minister, will contribute to a change in the country's social values.

The purpose of the programme is to encourage people in work to take time off in order to allow some of the 12.4 per cent (648,000) unemployed to take over the vacant jobs.

The scheme began earlier this year when it was used by about 16,000 people. For 1994 the programme has been modified to make it easier to use and to attract more participants. Among other things, it enables parents of small children to take leave of up to a year to stay at home with their young families.

Labour offices report enormous interest in the pro-

gramme. The government is expecting that 20,000-25,000 people, or about 1 per cent of the employed labour force, will use the scheme next year, but it may have underestimated the popularity of the scheme by a wide margin.

The Confederation of Danish Trade Unions claims, on the basis of a sample survey, that as many as 240,000 people - more than 10 per cent of the employed labour force - would like to use the scheme.

The job-rotation programme gives employees three possibilities for going on leave. ● Parent leave. This is the most popular scheme, on offer to parents with children under the age of nine. Parents can

socio-economic conditions," the survey said. It singled out level of pensions and segregation from society as sources of dissatisfaction.

However, the survey showed support for the older generation among young people. "They say loud and clear... that older people are a special case as a deserving cause for action by national governments and the Community as a whole... It would be a mistake to see this as a display of pity for old people," it said.

There was widespread awareness of age discrimination in all member states and a feeling that something should be done to prevent it. But there was also a feeling that older people should stand up for themselves more.

take six months leave, with an option of extending the period for another six months, while receiving 80 per cent of the maximum unemployment benefit, or about Dkr9,000 (\$1,340) per month.

A condition is that children under the age of three do not use maximum day-care facilities and children over this age

only use them on a half-day basis. Municipal councils can top up the leave payment by a maximum of Dkr2,000 a month, which is roughly what the councils save from reduced use of day-care facilities.

● Job training leave. Employees aged over 25 who have been in work for three of the past five years can take up to a year's leave for job-related education, receiving the maximum unemployment benefit, about Dkr11,300 a month. The number of courses is limited.

● Sabbatical. Employees can take up to a year off while receiving 80 per cent of the maximum unemployment benefit, but a condition is that someone from the dole queue steps into the vacant job.

Private sector employers, especially owners of small companies, have misgivings as they say finding replacements will be difficult and costly in terms of training and reduced productivity.

Chorus of discontent grows in Romania

Government has survived, but only just, writes Virginia Marsh in Bucharest

Romania's minority government scraped through a no-confidence motion just before Christmas with a margin of 13 votes. But the closeness of the voting and the growing chorus of discontent means that pressure will continue to mount for the government to find solutions to the country's serious economic problems.

Pro-reform opposition parties lodged the motion on grounds that the weak, left-wing, minority government had blocked economic reform, failed to control inflation or find an adequate exchange rate policy. They also accused the government of allowing state monopolies and corruption to strangle the economy during its one year in office.

The vote took place against a backdrop of warning strikes and the biggest street demonstrations in three years. Trade union leaders backed the opposition motion and are threatening to call a general strike in mid-January if their demands

for faster privatisation, higher pay and reforms of the social security system are not met.

The opposition went ahead with the motion in spite of the government's recent breakthrough with the International Monetary Fund after months of negotiation. Many reformers doubt that the government led by the Party of Social Democracy in Romania, which relies on nationalists and former Communist parties to stay in power, has the will or ability to implement the package of reforms agreed with the IMF and World Bank.

"The government has two faces, like Janus. It says one thing to the IMF and World Bank and another at home which has led to contradictory policies. It has shown clearly over the past year that it is against reform. Its aim is to keep the status quo and to protect state property," says Mr Varujan Vosganian, an opposition MP.

Others hope an agreement with the IMF, which would

unlock \$700m (\$470m) of badly-needed loans from the Fund over the next 18 months, will give a new impetus to reforms within the government. The reform camp is now led by Mr Mircea Cosoaia, the economic reform minister. He is leading the battle against conservatives headed by the prime minister, Mr Nicolae Vacaroiu, a Communist-era official who spent the last years of the Ceausescu regime working at the central economic planning committee.

With the economy in a worst state than that of any other in central Europe (outside former Yugoslavia) there appear to be few tolerable alternatives to rapid implementation of the reform programme.

The priority is to prevent the country from slipping into hyperinflation. Consumer price inflation rose from 200 per cent in 1992 to 314 per cent in the year to October. The delay in imposing financial discipline on highly-indebted state concerns is one reason for high

inflation. But many economists say the chief cause in recent months has been the population's expectation of continuing price rises which has also further reduced confidence in the leu, the national currency, creating a dangerous spiral.

Another key aim of the programme is to allow the leu to float early next year. The government's refusal to liberalise the exchange rate pushed the black market rate to 1,700 to the dollar from 600 at the beginning of the year, and kept more than 80 per cent of hard currency transactions in the parallel economy, according to central bank officials.

The government has also assured the IMF and World Bank that it will accelerate privatisation after a year in which the authorities sold off only 220 small companies, compared with a target of 800-1,000. They also failed to liquidate a single bankrupt medium-sized or large state enterprise.

Such measures are essential if Romania is to gain the confidence of foreign investors and attract the capital and know-how needed to turn round its economy.

This year's delay in undertaking reform has led to a drop in direct foreign investment. Only \$350m has been committed compared with \$770m in 1992, according to Romanian Development Agency figures.

The government must also move quickly to boost public morale. The tens of thousands of weary Romanians who have recently protested on the streets are in sharp contrast to the jubilation crowds which four years ago overthrew Nicolae Ceausescu. Real wages have fallen by 45 per cent since 1989, according to official statistics, and as living standards continue to drop, many show nostalgia for what seems like the security of the past.

Call renewed for Greater Serbia

By Laura Silber in Belgrade

A Bosnian Serb leader yesterday signalled plans to push forward with the creation of Greater Serbia by the end of next year, regardless of punitive sanctions against Serb-led Yugoslavia.

Mr Momislav Krajisnik, the speaker of the Serb parliament, said he expected a union of self-styled Serb states in Bosnia and Croatia with "one government, one parliament".

The leaders of Bosnia's three warring communities at partition talks in Geneva have already endorsed the creation of three republics, but Mr Krajisnik's remarks indicate that, despite their formal agreement,

Serb leaders have no intention of backing the union.

"Demarcation between national communities in Bosnia will be created soon and the Bosnian Serb Republic and the Republic of Serb Krajina will create a common state by the second half of 1994 at the latest," Mr Krajisnik told the Serb "parliament" which met to debate whether to give the negotiating team a new mandate at talks in Geneva.

Serbian President Slobodan Milosevic has exerted pressure on his Bosnian proxies to hand over land to their Muslim adversaries in exchange for the easing of sanctions on Belgrade. Sanctions, imposed 19 months ago for Belgrade's role

in the violent partition of Bosnia, and the cost of waging nearly three years of war have devastated the economy.

Serbian authorities yesterday announced power cuts after coal miners went on strike demanding their wages in hard currency. The miners at the Kolubara mining basin on Wednesday stopped all coal deliveries to the Nikola Tesla thermal power plant, which supplies half of Serbia's electricity. Before sanctions, Serbia was a net exporter of power and diplomats say the republic is continuing to sell electricity to neighbouring countries in exchange for desperately needed hard currency.

Government printing presses work non-stop but cannot keep up with inflation, which economists yesterday said ran at 1m per cent in December, according to Belgrade radio.

The Yugoslav National Bank on Wednesday slashed nine zeros off the dinar, the national currency. Just 24 hours later, it had dropped by 600 per cent in relation to the D-Mark on the black market.

Buses carrying 600 civilians evacuated from Sarajevo limped across the Bosnian border into Croatia yesterday, Reuter adds. The buses left the city on Tuesday after months of haggling between Muslim authorities in the capital and Bosnian Serbs who surround it.

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MPs walk out during emotional address by Indian finance minister

Singh defends role over scandal

By Shiraz Sidwa in New Delhi

Mr Manmohan Singh, India's finance minister, yesterday staunchly defended his role in dealing with the Bombay financial scandal and warned against taking precipitate action against foreign banks.

Mr Singh addressed parliament at the end of a two-day debate on a report by a joint parliamentary committee which strongly criticised the Finance Ministry as well as virtually every other party involved in the scandal.

He has tendered his resignation to Mr Narasimha Rao, the prime minister. Although Mr Rao has not indicated whether he will accept it, the prime minister told parliament he agreed with what Mr Singh had said and added action would be taken "wherever it is called for".

Mr Singh acknowledged "full constitutional responsibility" for decisions taken by his ministry. But he denied he had failed to detect weaknesses in the financial and banking system, and said financial sector reform was under way.

His voice choked with emotion, Mr Singh denied he had been "indifferent or unconcerned" and that his ministry had ignored an overheated stock exchange.

He said he had ordered raids on brokers in February 1992 to find out the source of money fuelling the stock market boom. He had told the Reserve

The Indian government has approved foreign investment worth Rs79.9bn (£1.7bn) for the first 11 months of this year, doubling last year's figure of Rs38.9bn and outstripping the Rs3.3bn approved in 1991 when an economic liberalisation package was introduced, writes Shiraz Sidwa. Mr Manmohan Singh, the finance minister, said the unprecedented response by investors to the new industrial policy was also reflected in total foreign direct investment of

Rs122.91bn for the period between August 1991 and November 1992.

An official release said that investment from the US had risen to Rs33.44bn this year, from Rs12.31bn in 1992. Investment from the UK had increased to Rs6.08bn from Rs1.17bn and there had been gains in investment from Germany, Switzerland, the Netherlands, France, Japan and Singapore. Non-resident Indians worldwide contributed Rs6.82bn to the total.

nationalised banks were not allowed to lend to brokers through the front door, so they found a back door."

Mr Singh said the government had stopped the repatriation of profits for the financial year to March 1992 of the four banks accused in the scandal - Standard Chartered, ANZ Grindlay, BankAmerica and Citicorp. But he suggested the government would not accept the committee's suggestion that it remove their licences.

"We must caution ourselves that we live in a civilised world

and therefore any action that we take against them has to be fair and square," Mr Singh said. "The government will see to it that the foreign banks function within the four corners of the country's laws and proper action will be taken if any of them breach the law."

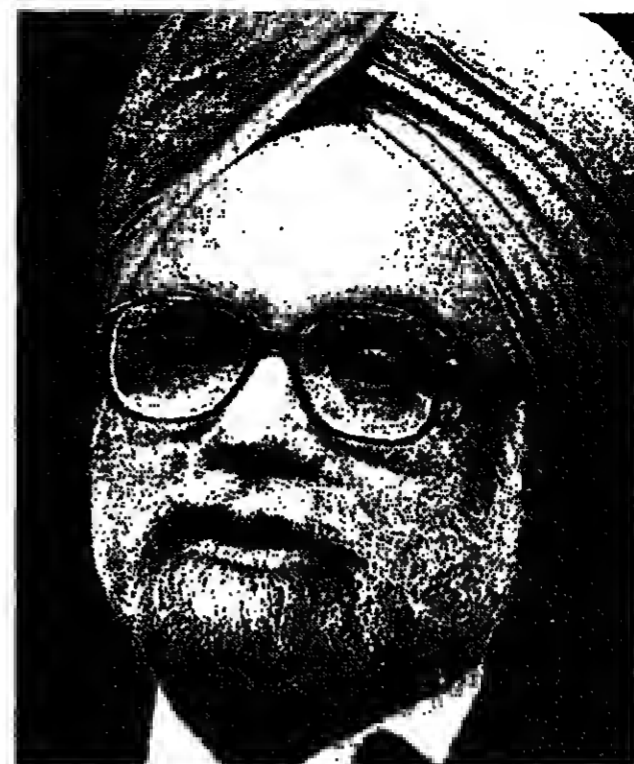
Opposition MPs demanded that Mr Singh's resignation be accepted, and members from the ruling Congress party pleaded his case. The finance minister addressed a half-empty house after opposition members walked out, insisting that the prime minister, and not Mr Singh, conclude the debate. Mr Shrivatsa Patil, the speaker, overruled them.

● The Janata Dal (A) party, a splinter group of 10 opposition MPs led by Mr Ajit Singh, yesterday joined Congress, giving an absolute majority to the ruling party in the lower house of parliament with 266 of the 544 seats.

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Manmohan Singh: ordered raids on brokers

Japanese feel the pinch with pleasure

Poverty has become a fashion industry in recession-hit Japan.

The public's former fondness for electronic gadgets, garish clutter and designer clothes has switched to cheap practical goods and services, an end-of-year survey by Trendy, a consumer magazine, says.

The hit products and ideas of the past 12 months include cheap men's suits - less than ¥30,000 (£119.78) - and discount over-the-counter at Daiso, Japan's biggest cut-price supermarket chain.

Others are direct clothes sales from factories, all-you-can-eat restaurants, and the book *Seihin no Shiso* (Concept of Honest Poverty), which sold more than 600,000 copies in its first 10 months. Import bargains from the year's rise have done well, from cars to processed food.

Trendy's listing is based on factors such as sales growth, novelty and consumer impact. Smaller recession successes, which failed to make it to the Trendy list, include a cut-price marriage service at ¥300 (£1.79) per guest (booked up until next April) and sweet potato spirit, the cheapest non-alcoholic liquor available, and the only class of alcoholic drink to record extra sales this year.

Pressure on wages and jobs is an obvious reason for the bid for cheapness. Yet Dentsu Institute for Human Studies, the research arm of Japan's largest advertising group,

The Book of Honest Poverty has sold over 600,000 copies, reports Will Dawkins

detects a deeper reaction against the materialism of recent years. "As Japanese have satisfied most of their material needs, they will seek new spiritual tendencies, aesthetic values and philosophies," the institute says. One such new tendency is the spectacular arrival early in the year of J-League, Japan's professional soccer league. The thrills of soccer have struck more than 4m ticket buyers to date, as an appealing contrast to the relative dignity of baseball and sumo wrestling.

Since kick-off from zero early in the year, the J-League is estimated to have pulled in ¥10bn of ticket revenues and generated at least ¥30bn in sales of products bearing its logo. This marketing phenomenon extends to J-League pot noodles, chocolate and batteries. One leading league player has even agreed to advertise wigs on TV. Trendy quotes one estimate that the multiplier effect of all this exceeds ¥500bn.

Materialism is still just about alive, perhaps helped by consumers' fondness for brand labels. But the J-League has also offered low-price entertainment at a time when budgets are tight.

One formerly popular leisure industry, costly hostess bars, has fallen on hard times. Now, trend-conscious salarymen spend their evenings more cheaply, at the growing number of discos modelled on Juliana's in Tokyo, where scantily-clad "bodycon" (body-conscious) girls used to wriggle on raised catwalks.

Juliana's has sold more than 2m compact discs this year, according to Trendy, but has been so embarrassed by the publicity that it took down its catwalk. Ton late. Bodycon girls' new style of dancing is catching on in regional towns.

Late concessions clear way for Israeli budget

By Julian O'Connell in Jerusalem

Israel's parliament was last night expected to approve a Shk126.5bn (£28.6bn) budget for 1994, up from Shk103bn this year, after last-minute concessions to various political parties.

The budget provides for a deficit of Shk7.5bn - or 3 per cent of gross domestic product - which the government says will be met by the sale of shares in government-owned companies (expected to raise Shk1.6bn next year) and foreign loans, including use of US soft loan guarantees worth \$2bn (£1.3bn) a year. Last year's deficit was 3.2 per cent of GDP.

The government says its strategy of moving away from borrowing in the local capital market will create a long-term environment for lower interest rates and better incentives for investment.

However, on the eve of the

budget's passage the Bank of Israel raised interest rates to curb inflation, expected to rise to 11.5 per cent next year. The prime lending rate will climb from 11 to 11.8 per cent.

The move was criticised by the ministry of finance, which said the only way to fight inflation was to take measures to bring down housing costs.

Before yesterday's Knesset debate the government fought a tough battle to secure the necessary parliamentary support.

Some Labour MPs insisted on big changes in the social welfare provisions for the elderly and the poor and threatened to vote down the budget unless their demands were met.

Other concessions were made to the ultra-orthodox Shas and Agudat parties and to MPs from Arab parties.

Under the budget, government investment in infrastruc-

ture will increase by 15 per cent next year. The rise is primarily absorbed by doubling expenditure on roads to Shk1.8bn and increasing the education budget by 25 per cent from Shk2.0bn to Shk2.5bn. The defence budget is set at Shk20.2bn, including foreign aid, and is expected to drop 3.4 per cent by the end of the decade.

The government proposes a number of taxation changes, including a gradual lowering of corporate tax from 28 per cent to 30 per cent in 1996 and an adjustment of income tax rates to a maximum of 50 per cent, with cuts focused on the middle-income bracket. Tax revenues are expected to increase 9 per cent in real terms.

Inflation is forecast to drop to 8 per cent from 10.4 per cent, unemployment will be reduced to 9.4 per cent from 10.2 per cent and GDP will grow 5.3 per cent, against 3.5 per cent for 1993.

Taipei share prices rise 5%

By Our Foreign Staff

Taipei share prices rose 5 per cent yesterday to post the highest index close since June 1991, after a call from economist P.K. Chiang for the state to open limited direct shipping links with China.

Taiwan's private sector has long lobbied for an end to the four-decade ban on direct cross-strait transportation, which forces most of Taiwan's growing trade with China through Hong Kong and is viewed as a costly inconvenience by local businessmen.

Mr Chiang's remarks marked the first time a senior official has publicly broken ranks with the government over its long-standing opposition to direct China links, fueling hopes that policy may be softening. But analysts cautioned it was unlikely the government would agree to open direct links for several years.

Led by the heavily-weighted financial sector, which gained 6.6 per cent, the weighted index rose 275.48 points to close at 5,813.55. Stocks seen as a "China play" performed especially well, with most shipping counters opening at their 7 per cent daily upper trading limit.

See World Stock Markets

US textile industry sees record sales and exports

By Nancy Dunne in Washington

The US textile industry, long among the most protected of US sectors, is emerging from 1993 with record sales, exports, production and capital spending, and an avowed determination to compete in overseas markets.

The industry waged a long battle against the 10-year phase-out of the Multifibre Arrangement agreed in the Uruguay Round of trade negotiations, but is by no means certain to oppose the Round's implementing legislation in the US Congress.

The industry's strategy has evolved from insistence on protectionism, to pushing a long phase-out of quotas to acceptance of a shorter phase-out on terms favourable to the industry.

Now industry officials are talking of the Round's potential for boosting foreign sales and opening foreign markets with the same relish as their counterparts in services, high technology and export manufacturing.

"The changing world of international trade in textiles means we must take advantage of every opportunity," said Mr Henry Truslow, president of the American Textile Manufacturers Institute in a year-end statement. "That

is where there is potential for growth for our industry."

Mr Truslow stressed the positive results of the Uruguay Round and the possibility that some of the main textile exporters, Pakistan and India, will agree to significant market openings by April 15 when the final text is to be signed in Morocco.

"If they open up, they will also be trading with each other," said Mr Jim Morrissey, an ATMI spokesman. "That will take some of the heat off us."

The ATMI's embrace of freer trade is being met with cynicism among lobbyists who fought its protectionist efforts for years. "I would be really stunned if the ATMI supported this deal," said Ms Robin Lanier, for the International Mass Retail Association.

Yet ATMI had significant victories in the Round. Quotas will be phased out but tariff protection will remain. The US agreed to cut tariffs by 11 per cent, which brings down average tariffs from 18 to 16 per cent.

According to the ATMI officials, 39 countries so far have agreed to open their markets to foreign imports.

"They say that countries which fail to provide 'effective' market access, a term still to be defined, may be taken to the new dispute settle-

ment mechanism under the World Trade Organisation, where the outcome could be denial of the accelerated quota growth agreed in the Uruguay Round."

Even if ATMI supports the Gatt deal, the textile and apparel unions will oppose it, as will many congressmen who represent them. Ms Lanier warned.

Although "not particularly worried" about getting congressional approval of the implementing legislation, many issues remain to be settled about the quota phase-out, including integration procedures and which products get phased out first.

"The industry will try its darndest to get relatively meaningless categories graduated earliest," Ms Lanier said. Meanwhile, US textile producers seem confident, buoyed by potential of the Latin American market offered by the North American Free Trade Agreement. It took some of the record profits it earned in 1992 and invested \$2.3bn (£1.55bn) in modernisation this year.

Profits in 1993 were a healthy \$1.5bn, though 29 per cent down from the previous year. Import volume grew 8 per cent, reaching a record high of 15.7bn square metres. But exports also showed significant gains, recording a new high of 5.9bn square metres.

Monetary policy remains stumbling block

Tough talks bring deal on trade within sight

By Julian O'Connell

Palestinian and Israeli negotiators are close to finalising a free-trade agreement which will determine economic relations once Israel and the PLO conclude an agreement on the withdrawal of Israeli troops from Gaza-Jericho.

Both sides know the broader regional peace agreement - the subject of delicate negotiations in Cairo - will fail unless Palestinians, who have one-fifth the average income of Israelis, see a dramatic economic improvement in the first few months after the troop withdrawal, due to be completed by April 13.

Talks in Paris on economic issues have been tough but agreement in principle has been reached in most areas, including taxation, labour and trade. Monetary policy remains the biggest obstacle to a protocol, with the Palestinians demanding a central bank and to establish a central bank and to issue their own currency.

The main achievement in the Paris talks has been agreement on free movement of goods and services under one customs policy, with substantial exceptions to meet the special needs of the Palestinian economy.

These exceptions have still to be negotiated but Israel has already conceded that Palestin-

ians will be able to import vehicles at their own tariff rates. Other goods the Palestinians want to import at lower duties, such as construction materials, offer greater hurdles but Israeli officials say they are prepared to make concessions.

The Palestinians will also have some exceptions from the joint customs policy to allow for imports from Jordan.

In agriculture, Israel has agreed to end a ban on the importation of Palestinian agricultural produce which has been in force since 1967. As soon as the Palestinians take control of Gaza-Jericho, agricultural products - excluding poultry, eggs, tomatoes, cucumbers and potatoes - will be allowed free export to Israel.

The excluded products will be subject to a quota system, with the quotas increased progressively over four years and phased out in year five. Israeli farmers, who have enjoyed years of protection, have already protested against this step.

On taxation, the two sides have agreed to differing rates of income tax. Palestinians working in Israel will pay tax to the Israeli treasury while Israelis working in the territories will pay the Palestinian treasury. Both sides have agreed to levy value added tax

but have still to work out how to meet Palestinian demands for a lower rate than that of Israel.

On monetary policy, however, the two sides remain deeply divided. The Palestinians want the right to issue a currency with no limits on when the Palestinian pound would be minted. The Palestinians accept that the Israeli shekel and the Jordanian dinar will be legal tender in the short-term but want the right to print their own money.

Israel believes this is not feasible and are hoping for what one official described as "the Scotland model", with the Bank of Israel retaining control over the printing of money but minting a separate design for Palestinians.

An Israeli official admitted the dispute would not be resolved at a political level.

Both sides hope they can reach an economic agreement by the end of January, although recent complications cast a shadow over the entire negotiating process. However, if all issues are agreed, the economic accord should cover Gaza-Jericho from April 13.

Israeli officials said the deal would also apply to the rest of the West Bank, with minor exceptions, after the Palestinian elections due to be held in July.



Legislators of Taiwan's ruling Nationalist party rush to protect Wang Chin-ping (centre), chairman of a parliamentary session, from missiles thrown by opposition legislators during a debate on the National Security Council, an advisory body to the president

South Africa's coloureds are key to National party hopes

Ruling party needs support of some of apartheid's victims, writes Patti Waldmeir

It must rank as one of the stranger paradoxes of apartheid that the electoral prospects of South Africa's long-ruling National party now depend on those who were its victims: blacks, Indians, and especially the mixed-race "coloureds" who share the Afrikaans language and other cultural traits with their former oppressors.

For the party to reach critical mass in the all-race elections next April - the 30 or 35 per cent of the vote needed effectively to counterbalance an African National Congress government - it must win a majority of votes from the 3.2m coloureds.

Opinion polls show negligible support for the NP among blacks (though fear of intimidation may affect replies); support among the

Im Indians hovers between 40 and 50 per cent, and while support from the 5m whites is volatile, and could rise once the party election machine enters top gear, latest figures (from the Human Sciences Research Council) give the NP only 28 per cent of whites.

Ironically, given the fact that the NP had coloureds removed from the common voters' roll in the 1960s, polls reflect higher support from coloureds than whites. The same HSRC poll, taken in July, registers 44 per cent coloured support for the National party, against only 12 per cent for the ANC.

So the battle is on for the coloured voter, especially in Western

Cape province which will be one of only two of the nine new electoral provinces where blacks are not a majority. Coloureds are believed to be the majority in the Western Cape and in the Northern Cape province, though no one knows the true number of Africans living in huge squatter settlements near Cape Town.

The ANC is determined to deny the NP strategy: it is the only province where the party has a chance of controlling provincial government, and many conservative "Nets" see it as a bolt-hole for whites if black government goes wrong.

The ANC is determined to deny the Nets this victory, and polls show a shift in support toward the

organisation in recent months (but only from 6 to 12 per cent, according to the HSRC). But in Mitchell's Plain - a large coloured township outside Cape Town which the ANC must win to capture the Western Cape - ANC organisers admit they face an uphill battle.

"Racism is still very real among coloured people. Apartheid was very successful in that," says Mr Claude Mallins, a young ANC campaigner in Mitchell's Plain, which was built to house coloureds forcibly removed from Cape Town's District Six in one of the most notorious evictions of the apartheid era. He highlights the irony that racism between coloureds and blacks is at

least as potent as between white and black. "People have fears about black domination, about what is going to happen to their houses, to their money," he adds.

Mr Siraj Karjeejee, manager of the local shopping mall, puts it more bluntly: "The man in the street is virulently anti-black. I say 'black' but they say 'kaffir' right out."

Mr Vincent van Breda, an articulate young ANC campaigner, believes the identity crisis of the coloureds - a race formed by blending white, black, Malay, Indian, Hottentot and Bushman - has much to do with this. "In terms of world outlook, we are western European.

But we walk around with this black skin or not-so-white skin. Lots of us haven't worked through that tension yet. We live between the black and the white worlds. It's going to take years...decades...generations to unbundle this."

In the shopping precinct outside Mr van Breda's office, this confusion is readily apparent. Two young shoppers say they are certain to vote NP: "When the National party was ruling the land everything was going well," they assert. Asked how they can vote for their former oppressors, they reply "it was (former President P.W.) Botha who oppressed us, it wasn't (President F.W.) de Klerk. He changed things."

The managers of a local shop points to a recent case where black squatters occupied newly-built coloured homes - an act condemned by the ANC - and asks: "Already they are moving into our houses so what will happen when they are in power?"

Conversely, several local hawkers say they will vote ANC, support for which is clearly growing. But many more express lack of interest, saying they will not vote at all. While all polls indicate many undecided voters, some show up to half of coloureds will not vote.

Mr Mallins predicts a close race in Mitchell's Plain. He thinks the fight against racism will be long and hard. "But this is an African continent," he says. "In the end, we must learn to live together."

Establishment still dominates honours list

By James Blitz and Roland Radt

Politicians, captains of industry and top government officials have again dominated the leading awards in the New Year's Honours List, despite the prime minister's recent call for a broader range of individuals to be decorated.

As part of his plan to create a "classless society", Mr John Major has said that the biannual honours lists should increasingly reflect exceptional achievement rather than status.

However, although this new year's honours contain a larger number of awards for voluntary workers than has previously been the case, most of the top decorations have again gone to leading public figures and company chief executives.

Moreover, less than a quarter of the list is made up of individuals who have been nominated for an award by a member of the public, under a scheme launched by the prime minister in March.

The awards to industrialists reflect a greater admiration for

Britain's established companies rather than for the acquisitive conglomerates singled out in Lady Thatcher's honours lists in the 1980s.

Mr Iain Vallance, the chairman of BT, is one of five leading business figures to receive a knighthood. The others are Mr Michael Parry, the chairman of Unilever, Mr Richard Sykes, chief executive of Glaxo Holdings, Mr Brian Pearce, chief executive of the Midland Bank and Mr Ian Wood, managing director of John Wood group, an offshore oil company regarded as one of Scotland's fastest growing businesses.

The opposition Labour party has again put forward none of its MPs or supporters in protest at the honours system.

Leading the awards in the world of arts and academia are Dame Janet Baker, the opera singer, who is made a Companion of Honour and Mr Derek Jacobi, the actor, who is knighted.

Professor John Elliott, one of the world's leading historians of Early Modern Europe, also gets a knighthood.



A little piece of America in a foreign field: the runway at Burtonwood Airbase in Cheshire, north-west England, in 1983

Hope returns to a little bit of America

By Ian Hamilton Frazey, Northern Correspondent

The US is giving Little America back to Britain.

The last symbol of the US occupation of Burtonwood Airbase, at Warrington in north-west England, will be formally handed over in April in a ceremony sponsored by the manufacturers of Spam, Coke and Hershey bars, as well as American Airlines.

The organisers say Mr Bob Hope, the British-born comedian and entertainer, will perform the handover.

At its peak, shortly after the second world war, Burtonwood's 600 acres housed 18,000 Americans, making it the biggest single site for US personnel in Britain.

The last symbol of those days is a 2m sq ft warehouse leased from the British Ministry of Defence for more than half a century. The US is spending £2m refurbishing it after finally vacating it in October.

The site is to be developed as a business park for inward investors. Its location in what became known as Little America is to be promoted all over the US to attract North American companies, playing on wartime memories 50 years after the D-Day landings in Normandy which began the reconquest of Europe by the Allies.

Burtonwood was the European landfill for aircraft flying

the Atlantic to bomb - and later supply - Germany, some to be checked and serviced, others in crates to be assembled on site.

Fuel-damaged bombers were repaired there. Much equipment and weapons for D-Day were flown first to Burtonwood.

Later, it became the main stores depot in the UK for the US Army Air Force. In the 1960s, it even supplied colour guards so that the handful of British men killed fighting for the US in Vietnam could be buried at home with military honours.

"Burtonwood was World War Two for tens of thousands of Americans," said Mr Judith Bobrow, a New York PR consultant hired by Warrington Borough Council to promote the new business park in the US. "We think it will be an important selling point."

Warrington does have a more relevant modern economic appeal, partly because the M62 destroyed it as an airbase forever by bisecting its runway when the Transpennine motorway was built in the 1970s.

The M62 crosses the north-south M6 motorway within two miles of the old aerodrome providing excellent road communications for industry.

With 115 US companies already in the area, Warrington hopes it might even become Little America yet again.

Britain in brief



Soldier shot dead in N Ireland

A British soldier was shot dead yesterday, apparently by the IRA, at the border town of Crossmaglen, Northern Ireland.

The incident was the first terrorist murder since Mr John Major, British prime minister, unveiled the UK-Irish peace accord with his Irish counterpart Albert Reynolds over two weeks ago.

The killing, underscored again the increasingly hard-line tone adopted by the Republican groups towards the declaration.

Mr John Wheeler, security minister, condemned the attack as "wicked crime," but stopped short of threatening a security clampdown. "It is still not too late to make 1994 the year of peace," he said.

UK corporate failures down

Business failures fell this year for the first time since 1988 with the biggest declines in London, Wales and the east Midlands, according to figures from Dun & Bradstreet, a business information company.

The report indicates that small companies are finding it harder to climb out of recession than big ones, but is a further sign that the recovery is becoming better established.

Companies going into liquidation or becoming bankrupt in England and Wales fell 11.5 per cent in the final quarter of this year compared with the corresponding time last year. There was a 19.8 per cent yearly decline in the third quarter.

Vocational shift urged

Next week's publication of Sir Ron Dearing's report on the national curriculum in England and Wales will signal a shift towards vocational education.

Sir Ron, who was commissioned to review the curriculum by Mr John Patten, the education secretary, in April this year, wants 14-year-olds to be allowed to opt for a programme of vocational education, although they would continue to study "core" academic subjects.

Mr Patten is not obliged to accept the report, but government sources confirmed that "this concept will not be difficult for ministers", who are already examining possibilities.

Growth in wind power

Wind power in the UK now produces enough energy to supply the homes of 150,000 people, or a town the size of Brighton, according to a year-end survey by the British Wind Energy Association. Next year, this figure is expected to rise to 250,000. The BWEA estimates that wind farms this year saved the emission of 200,000 tonnes of carbon dioxide from conventional power stations.

Car parts sector faces 'constraints'

By John Griffiths

The number of cars in the UK will grow by nearly 5m to just under 25m by the end of the decade, but there is no prospect of makers and sellers of replacement parts matching this growth, warns a new report from the Economist Intelligence Unit.

Demand for vehicle manufacturers for longer lasting components is the most significant of a number of "radical" changes within the sector already constraining growth, says the report.

The EIU, in its first major study of the replacement parts sector for four years, has found that the market has shrunk slightly, mainly under the impact of recession, since 1989. And despite a swiftly rising new car market, the study predicts growth for the replacement parts sector of less than 2 per cent a year between now and 1996.

This would lift sales from an estimated £4.08bn this year to £4.24bn in 1996.

Vehicle makers are demanding that some key components last the life of the car, the

Land Rover lifts output

Land Rover, the four-wheel-drive subsidiary of British Aerospace's Rover Group, increased output by nearly one-fifth this year despite the slump in continental European new vehicle markets.

Land Rover's managers believe that the Solihull-based company, whose workforce has grown by 600 to 8,700 over the past few months, is now poised to enjoy the best year in its nearly half-century history.

If current output levels are maintained - and privately managers insist that they will be - 1994 production is expected to reach 80,000 units, a 16 per cent rise on the record year of 1990, when 68,621 were built.

Production this year, at 68,159, was only 0.7 per cent below the 1990 record.

London seeks EU fish talks

The government is seeking an urgent meeting with the European Commission in the new year to try to salvage its fisheries conservation policy after being forced to suspend its unpopular scheme which set out to limit the time vessels can spend at sea.

Ministers will ask Mr Yannis Padoa-Schioppa, the fisheries commissioner, what alternatives would be acceptable to enable the government to meet its commitment to reduce UK fishing fleet capacity by 19 per cent by the end of 1996.

Government policy has been left in disarray by the High Court decision earlier this month to refer to the European Court a challenge by fishermen to the "days at sea" restrictions.

Annual hours gain ground

Annual bonus systems, under which working time is averaged over a year, have established a solid base in manufacturing and are now spreading into private services and the public sector, according to a survey by Incomes Data Services.

The system is most common amongst manual shiftworkers, especially in continuous process operations, but is now breaking into broadcasting organisations and the financial sector.

At Yorkshire TV employees are contracted to work 1,824 hours a year, while at ITN annual contracted hours range up to 2,214 hours. In the financial sector, Bristol & West Building Society offers full-time staff annual hours ranging from 1,826 to 2,525 a year.

The report says that the main benefit for employers is that hours of work can be varied from week to week or even from season to season. The main benefit for employees is greater predictability of earnings.

Special leave for fathers

Barclays Bank will allow fathers to take up to 12 weeks unpaid leave at any time during the year following the birth of a child, said Mr Chris Lyles, the bank's equal opportunities manager. "This will provide new parents with greater flexibility than ever before," he said.

FT·JAPAN CLUB ANNUAL REPORT SERVICE

Energia



Koki Tada
President and Director

The Chugoku Electric Power Co., Inc. has the responsibility for supplying power in the Chugoku region. Its related operations include the construction of power plants and equipment for transmission, transforming and distribution, as well as maintenance.

The Chugoku region comprises 32,000 square kilometres, and holds about 7.8-10,000 inhabitants. The Chugoku region is an important part of Japan's industrial economy. The industrialisation of the region is expected to accelerate further with Hitachi's leading the 12th Asian Games in 1994. Chugoku Electric is dedicated to developing the region's potential as a supplier of electric power and is willing to contribute to the region making full use of its management resources.

HITACHI



Teitoku Kanai
President and Representative Director

The corporate principle of Hitachi, Ltd., which was founded in 1910, is to contribute to society through technology. In the 83 years since its inception, the company has become one of the world's leading manufacturers of electrical and electronic equipment, with fiscal 1992 consolidated sales of ¥7,536 bn, 218 consolidated subsidiaries, 219 of which are overseas companies, and more than 330,000 employees. Hitachi believes that corporate progress is driven by research and development. Annual expenditure on R & D amounts to over ¥500 bn, or about 7% of sales. Hitachi's main products are computers, semiconductors, telecommunications equipment, power generating equipment, industrial machinery and consumer products. Hitachi's shares are listed on eight stock exchanges in Japan and on exchanges in New York, Frankfurt, Amsterdam, Paris and Luxembourg.

The Nikko Securities Co., Ltd.



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Looking ahead to the changes in the world's financial market that the next century will bring, we will continue to provide the latest investment opportunities and financial products to our customers.

BANK OF TOKYO



Teitoku Takagi
President & Chief Executive Officer

The Bank of Tokyo Group is Japan's leading global financial institution, with more than a century of experience in international markets, and a network of over 400 offices, subsidiaries and branches worldwide.

In the year ended March 31, 1993, the Group continued to expand net profit of core business, supported by the fourth consecutive year of double-digit growth in net interest income. At "Year's", the Group's BIS capital adequacy ratio is the highest of Japan's 14 major banks.

SHISEIDO COMPANY LIMITED

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Yoshiharu Fukuhara
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Shiseido manufactures and markets quality make-up and skin-care products, fragrances, toiletries, professional salon-use items, foods, and pharmaceuticals in more than 40 countries.

In Japan, the company also manages restaurants, fitness clubs, and fashion boutiques. In fiscal 1993, consolidated net sales reached US\$4,883 million, with consolidated net profits of US\$360 million before taxes. Net income per share was US\$0.29, and cash dividends were declared at US\$0.10 per share of common stock, on par with fiscal 1992.

TORAY INDUSTRIES



Kazuo Onaka
President & CEO

Founded in 1926, Toray Industries, Inc., is Japan's largest manufacturer of synthetic fibers and textiles, high-performance films, and engineering plastics. Toray leads the world in the development and production of carbon fiber and other advanced composite materials.

Building on its unique technological strength, Toray is diversifying into chemicals, pharmaceuticals, medical supplies, electronics materials, housing and construction materials and engineering.

A truly global enterprise, Toray's international marketing and manufacturing network spans more than 180 subsidiaries and affiliated companies worldwide. In all of the communications it serves, the company strives to play a full and constructive role.

PIONEER ELECTRONIC CORPORATION



Seiya Matsumoto
President and Representative Director

Pioneer Electronic Corporation is a world leader in consumer, commercial and industrial AV (audio-visual) fields, especially those involving latest optical technologies. Pioneer has introduced several innovative products such as laser disc (LD) players, car CD players, laser karaoke systems, reversible videodisc recorders, high-definition LD players and car navigation systems.

The company is now actively combining audio, video and communications technologies into new products and systems that will create new markets and further broaden Pioneer's business horizons.

Pioneer's shares are listed on Tokyo, Osaka, New York (ticker symbol PIUL) Amsterdam and Luxembourg stock exchanges.

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The upside...

1993 in Review

"If de Klerk can sit down with Mandela and the Israelis can sit down with Arafat and the Bosnian warring parties can at least sit down together... If all of those people can do it, why can't they do it in Northern Ireland?"
Colin Parry, whose 12-year-old son Tim was killed by an IRA bomb in Warrington

"I am a master with the scythe."
Gardening tip from Volkswagen's Jose Ignacio Lopez de Arriortua

"Poor John Major. His only achievement has been to harmonise his VAT rate with his poll rating..."

at 17.5%." Shadow chancellor **Gordon Brown**

"It's a sign of the American decline that eight tourists murdered in Florida capture national headlines when the thousands and thousands of Americans routinely murdered cause such little splash."
US columnist Russell Baker

"Shalom, Salem, Peace."
Bill Clinton

"Parliament must put this stalemate over Europe behind it. The ball must be lanced and it must be lanced today."
John Major, opening confidence debate



Sacks of gold John Tomlinson triumphs in Die Meistersinger at Covent Garden

Sacks of gold Goldman Sachs

THE UPSIDE
Up in front: Edouard Balladur, Sir Leon Brittan, Mickey Kantor, Morihito Hosokawa, Carlo Azeglio Ciampi, Achille Occhetto, Jean Chretien, Eddie George, Rupert Penant-Rea, Peter Wood, Dieter Bock, Martin Taylor, Lord Justice Scott, Presley Bavardele, Bert-Olof Svanholm, Toni Morrison, Roddy Doyle, Bill Emmott, Garry Kasparov, Manchester United, Toronto Blue Jays, Devonport

Updated
Quangos, New Issues, Sanford Wall, David Gergen, Bobby Ray Inman, Robert Horan, Benazir Bhutto, Brian McGowan, Leyland Trucks

Up, up and away
Axl Nadr

Up in smoke
Lucerne's Kapellbrücke, Malibu, Waco

Up & coming
Alan Cumming

Up-coming
Robert Packwood



A handshake is a good start, but now for the hard part

It only seems that way "It will ensure that Chelsea play at Stamford Bridge for eternity."
Chairman Ken Bates launching £7m share issue

You don't say "Today's multimedia devices will look primitive in 20 years' time."
FT, March 23 "If computer and telecommunications executives have their way, the world will be a very different place 30 years from now."
FT, July 8

Time will tell
Michael Mates
Golden turkey
Michael Medved
Free at last
Trade

Brief encounters
Kim Campbell and Ottawa, Christopher Steffen and Eastman Kodak, Stephen Brown and Tata & Lyle, Zoe Baird and the Justice Dept, Les Aspin and the Pentagon, Nigeria and democracy, Renault and Volvo, Leeds Permanent and National & Provincial, Eurovision and the West End, OGC and Ferrari, Alcazar

Unheeded insights
Sir David Calcutt, Sir Patrick Sheehy

Un-needed insights
Canary Wharf

Flashed
ICI / Zeneca, Pearson / Royal, Doulton

Puylon
Procter & Gamble / Schickel, United Biscuits / Pillsbury, Kingfisher / Darty, Primorica / Travelers, Bell Atlantic / Telecommunications, Guardian / Observer, Laporte / Exotic, Carlton / Central TV, Crown Prince, Naruhito / Messiko, Owada

Confusion
Serious Fraud Office, Crown Prosecution Service, Child Benefit Agency, Hotel valuations, John Birt's contract



Tiny's hand needed strengthening, so he went to Mohammed Fayed



Un-needed insights
Canary Wharf

"The good blocks have a lot of big empty buildings that we Japanese paid too much for. On the bad blocks everything's blighting."
Mitsubishi executive explaining how to tell safe from unsafe neighbourhoods in Los Angeles

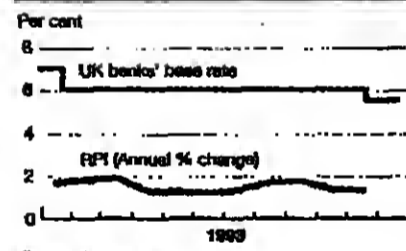
"Many times... I felt like Benes in 1938. This is an atmosphere of Munich. Then it was Czechoslovakia, today it is Bosnia-Herzegovina. Then it was Hitler, today it is Milosevic. Then Mr Chamberlain and Deladior and today we have

other people." **Bosnia-Herzegovina president Alija Izetbegovic**

"I have no axe, no saw, no car. I can only collect small pieces of wood. In this war some people get the trees, others get the stumps."
Ismet Adzic, 65, in Sarajevo

"Any enemy of John Major is an enemy of mine."
Kenneth Clarke
"Don't let the buggers get you down." **Inscription by Michael Watkin MP on watch he gave to Axl Nadr**

Enjoy it while it lasts



The Liberian tanker Braer ran aground off Shetland, but spilled oil dispersed more quickly than feared

GO EAST, GO SOUTH
The year of emerging markets
Barings Securities World Index
(\$ terms)
1/1/83 = 101.6

JANUARY

A relatively good year for the UK economy starts with a cut in UK base rates to 8 per cent, to lowest level for 15 years. A big year for resignations and departures starts with Jürgen Möllemann leaving as German economics minister; Paul Schuler resigning as Danish PM over Tamil refugee scandal; Gerald Corrigan, president of Federal Reserve Bank of New York, announcing plans to resign; James Robinson departing as chairman of American Express; and John Akers quitting as IBM's chief executive, after 30 years. Zoe Baird, Bill Clinton's nominee for attorney general, never even makes it into office. In his last months as president, George Bush orders a series of missile attacks on Iraq and signs Start 2 arms treaty with Russia. Insider Eddie George is appointed as new governor of the Bank of England; outsider Rupert Penant-Rea moves from editorship of Economist to be deputy governor. Dirty seas as Liberian oil tanker Braer wrecked off coast of Shetland Islands. "Dirty tricks" affair causes British Airways to make apology to Virgin Atlantic and pay \$610,000 in libel damages. John Major issues libel writs over magazine allegations about his private life.

FEBRUARY

It ends at last. The final trial of the Guinness affair sees Thomas Ward acquitted of theft. They pay at last. John Major announces that the Queen and Prince of Wales are to be liable for tax. Extra tax revenue would be gratefully received by Bill Clinton who launches a \$500bn deficit reduction package. More resignations and departures; Brian Mulroney quits as prime minister of Canada; Lord King steps down early as chairman of British Airways; Duke of Westminster, one of Britain's wealthiest men, quits Conservative party over leasehold reform. Italian cabinet ministers resign and magistrates order arrests of politicians and businessmen as corruption scandal grows. It rumbles on for the rest of the year. Three decisions to sack all workers at Dunelm plant and replace them with a new labour force; the decision leads to angry scenes on picket lines. Painsawmiller grounding sees shadow. The effects of recession linger in the UK. Headline unemployment reaches 3m for first time in six years, as ICI discloses plans to split in two and shed 9,000 jobs; and National Westminster bank announces 4,000 job cuts. A bomb at New York's World Trade Centre kills five.

MARCH

Edouard Balladur becomes French prime minister after elections sweep socialists from power. In the UK, Norman Lamont delivers, unbeknownst to him, his last Budget. He announces many delayed-action tax increases. The most controversial measure is VAT on fuel, but the City is more upset by the cut in the tax credit on dividends. The government loses a key vote on Maastricht bill by 23 votes, prolonging ratification process. But there is some good news for the Tories: unemployment falls for first time in three years. Michael Heseltine's coal white paper promises to save 12 of 81 threatened pits and to speed up privatisation. Peter Rawlings, chief executive of the London Stock Exchange, resigns after the abandonment of Turaxis, the electronic share settlement system. Ernest Mario, Glaxo's chief executive, is ousted in boardroom coup. Jose Ignacio Lopez de Arriortua quits General Motors to join Volkswagen, starting long and bitter dispute; Hoover dismisses its European president and two senior executives after a flawed free flights offer; IBM hires Lou Gerstner of EJR Nabisco to be its new chief executive. Bomb blasts in Bombay kill 200.

APRIL

The European Bank of Reconstruction and Development is revealed as the bank that likes to say yes to itself, especially when it comes to married bills and travel expenses. Another government falls. Giuliano Amato resigns and Carlo Ciampi, governor of the Bank of Italy, asked to form the country's 32nd post-war administration. But voters express confidence in President Boris Yeltsin in referendum as G7 countries agree \$45bn aid package for Russia. Old institutions face up to change. Lloyd's of London announces radical restructuring plan, including the introduction of corporate capital. The Guardian agrees to buy the 200-year-old Observer. Philip Morris cuts price of Marlboro cigarettes and sparks debate about value of brands in abandoned 1990s. Bundesbank cuts discount rate by a quarter, and the Lombard rate by a half, of a percentage point. Siege of Branch Davidian cult headquarters in Waco, Texas ends tragically when fire sweeps the compound - more than 80 cult members die. IRA bomb in Bishopsgate kills one man and causes massive damage. Thirty Zambians, including 18 members of the national football team, are killed in an air crash off the coast of Gabon.

MAY

John Major's darkest hour. Substantial losses for Conservatives in county council elections leaves them in charge of just one shire. Liberal Democrats win Newbury by-election. Soon afterwards, Major replaces Norman Lamont as chancellor with Kenneth Clarke. An angry Lamont leaves the cabinet. Former French premier Pierre Bérégovoy commits suicide. While the prospects for the Maastricht treaty improve as Danish voters say Yes in second referendum, the prospects for European monetary union turn distinctly worse. Continuing strains in Exchange Rate Mechanism lead to devaluation of peseta and escudo. As the French government sets out plans for an independent central bank, the Bank of England is sued by Bank of Credit and Commerce International depositors for failing in its role as regulator. Government drops unit fines system, under which offenders paid penalties according to level of income. Axl Nadr is evidently unimpressed by the reform as the Polly Peck boss signs bail and flies to northern Cyprus. Boosters are called in at Swan Hunter, the Tyneside warship builder. Bomb in Florence kills five and damages Uffizi gallery.

JUNE

Politicians vie for the Howe/Lawson award for the most controversial resignation speech of the year. Norman Lamont says "We give the impression of being in office but not in power." But, although he damages the government, the award goes to Michael Mates's speech. His criticism of the Serious Fraud Office for its handling of Nadr case is continually interrupted by speaker Betty Boothroyd. Goodbye to Jacques Attali, who resigns as head of European Bank of Research and Development; hello to Tansu Çiller, Turkey's first woman prime minister. The US launches missile attack on Iraqi intelligence HQ in Baghdad. In Nigeria, the military annuls the result of the presidential election. Investment watchdog Inuro; three of the 55 charges relate to Mirvov Group Pension Fund. Goldman Sachs fined £150,000 by the Securities and Futures Authority over its dealings with Robert Maxwell. Lloyd's of London records highest ever loss of £2.9bn. Robin Leigh-Pemberton, outgoing Governor of the Bank of England, receives a peerage in Queen's Birthday honours; Samuel Brittan of the FT is knighted.

سكنا في الراج

Management gurus have already been free with their predictions for the management tasks of the next century. The senior executive of the year 2000 will be a composite of the business acumen of Lord Weinstock, the innovative genius of Bill Gates, and the integrity of the Archangel Gabriel (in no particular order).

To prepare for this superhuman role, he or she will have rowed across the Atlantic (twice) and written a seminal text on moral philosophy.

Gurus have pontificated, but we have heard little from those at the sharp end. What do the people currently doing the job believe the requisite roles will be? What are their recommendations regarding the most appropriate ways of developing such skills?

Sundridge Park surveyed 260 CEOs and general managers to find out. They were asked what the biggest changes in their own business environment were going to be by the year 2003; what were the role requirements for coping with these challenges; and how might people best be developed to fill such roles.

The three biggest business changes predicted were those innovative, high-quality products and services will be even more essential than they are at the moment if competitive advantage is to be achieved; there will be much greater collaboration with customers and with other organisations; and the business environment will be yet more unpredictable and competitive.

So much for a return to a mythical pre-recessionary steady state. As for the necessary role requirements in the next century, there was more than a hint of the Archangel Gabriel syndrome. The strategic manager of 2003 will have to be, above all:

● A Trustee, who allows others to take risks and lives with their mistakes.

● An Ally, who networks and forms alliances.

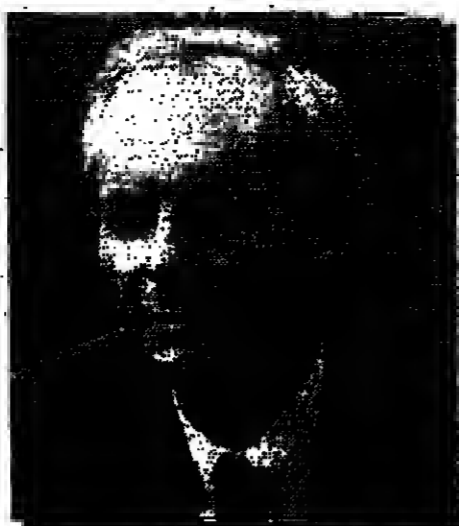
● A Changer, who manages change consultatively.

Although the traditional role of Pointer, who sets and communicates objectives, was considered important, it did not relate especially closely to the new business issues.

How are such paragons to be developed? Not surprisingly, to be a Trustee one needs to have been trusted oneself. It is vital that developing strategic managers are allowed to take risks and responsibility themselves.

It also helps to have done a wide variety of jobs, perhaps because this reveals the skills and knowledge which others have had to develop to fulfil their roles.

As for the role of Ally, it is important to have managed one's career



BEYOND 2000

A vision of superhumanity

How do today's managers see tomorrow? Peter Herriot concludes our series with the view from the sharp end

so that both at the corporate level and at the sharp end of a business one has had real contact with other organisations. Aspirant Allies are also urged to involve themselves in teams and project work, where they can play, and become skilled at, a variety of roles.

And the Changers, the movers and shakers - what of them? The important qualification here is that the Changer does it consultatively. Red meat eating is therefore not a good preparation. Rather, the skills of persuasion are required. These are best honed in the context of project teams.

The overall picture is that a considerable increase in interpersonal skills will be needed.

The strategic manager of 2003 will have to establish and maintain working relations with a much wider range of people than at present. He or she will need to understand where people from all levels of their own organisation are coming from; to appreciate the different assumptions, values and practices of people from other organisations and sectors; and to get inside the hearts and minds of different national cultures.

There was, incidentally, a very interesting prediction about organi-

sational size. Our respondents felt that the numbers of employees overall, and of managers, would decline.

However, the number of professionals would increase. When we looked at the financial and professional services sector from among our respondents, they placed much less importance on the three key role requirements than did respondents from other sectors.

So the professionals, the only people who are going to become more numerous, are less likely to value the skills of forming and maintaining relations with others. They will certainly be a challenge for the remaining general managers.

Organisations will need to concentrate on helping their people to develop the appropriate role skills, though much will depend on which business changes will have the most powerful impact on them.

For some of the methods suggested by our respondents, there are no short cuts. It is simply not possible to cram varied cross-functional and cross-national job experience into a year or two.

It is also noteworthy that fast track schemes are losing their popularity - they hardly encourage the others, and there is no time for the

fast-trackers to learn from the consequences of their mistakes.

On the other hand, some of the recommended developmental techniques have shorter time horizons. For example, teamworking on projects permits a variety of roles. It also makes learning from outcomes much more immediate.

Teams can monitor and evaluate their progress during their task. They can discover and learn from the outcomes after it is over.

One of the most important processes in successful teamworking is managing the boundaries - keeping sponsors and clients informed and happy. Again, this is ideal preparation for the role of Ally and for the business requirement for increased collaboration.

So, viewed from the perspective of the senior executives of today, their successors will tread an ever-expanding stage, full of a variety of players. They will not be strutting around as isolated, heroic figures, bearing visions back down from the burning bush up on the mountain. Rather, they will have learned from others to understand and utilise diversity.

The author is head of research at Sundridge Park Management Centre

CHRISTOPHER LORENZ

Why Shakespeare was wrong about names



William Shakespeare was only half right when he wrote Juliet's famous declaration of love for Romeo: "What's in a name? That which we call a rose, by any other name would smell as sweet."

He was right in that people's names seldom matter much - although one wonders if a well-bred modern Juliet would fall as easily for a Wayne. But in most other senses he was wrong. The names of most objects - including flowers - have distinct meanings, or develop them over time. Would Juliet have felt as enraptured by an equally sweet-smelling blossom called, say, stinkwort?

Shakespeare's half-brother has come to mind repeatedly over the past few weeks as I have inspected a steady flow of readers' replies to my appeal for a more stylish name for that fashionable but misleading concept, the "horizontal organisation".

For those who missed the column which sparked the correspondence (Nov 5), a short word of explanation is required. My complaint was partly that the idea of horizontal, hierarchy-less organisations has been extolled for years by academics and consultants, without anyone being precise about what it means.

I also inveighed against the misleading - or, at least, over-optimistic - way in which some people are now starting to slap the term onto actual companies, such as Motorola, Texas Instruments and AT&T.

It is true that, through process re-engineering and other measures, various units within these organisations are being redesigned with relatively flat hierarchies. This changes, to some extent, their lines of responsibility and communication. Traditionally, these were vertical: they ran up and down particular departments, or "functions", as they are often known in management-speak.

Instead, to a considerable degree - but not entirely - they now run laterally across former departmental boundaries.

But this does not make such organisations horizontal, in the

complete sense of the word, any more than Wayne is identical with Romeo, or stinkwort with rose. Almost all of them retain some degree of hierarchy and functional structure. It would be accurate to describe them as "mixed", "hybrid", "differentiated" or perhaps "process-managed".

Accurate, but both vague and awful. Hence my appeal for sensible but stylish improvements.

Some of my correspondents had a field day. One humorous fellow was too smart by half: he suggested "legless", on the grounds that it conveyed not only the sense of "eliminated" (sic) organisational legs (departments), but also the horizontal state of consultants who have no leg to stand on. Get it? He also suggested "disvertical". Does he call that stylish? He did rather better with

auditing, a management researcher, and a consultant. The professor got closest to the mark with his suggestion of "team-driven".

He argued that "process-managed" or any other term including the word "managed", is suggestive of hierarchy, whereas the key characteristic of any degree of horizontalism is teamwork.

But "team-driven" does not convey the full sense required. For one thing, not all teams operate across departments, which is one of the key characteristics of a horizontal organisation.

The researcher's contribution was a very thoughtful essay on the dangers to western managers of wavering between opposites: not just horizontal vs vertical, but also group vs individual, authority vs autonomy, competition vs collaboration, and so on.

What makes Japanese companies special, he suggested, is their ability to embrace, even integrate, these opposites, so that elements of them can be applied as needed. As a frequent exponent of the principle of ambiguity and paradox in management, I agree with him.

As he argued, it would be folly to advocate that all organisations be either completely vertical or horizontal: many should be mixed. But, as he also said, this does not mean that terms such as "hybrid" are adequate. Apart from their awkwardness, they are abstract: they beg the question of what "hybrid" actually consists of.

He ended up in the same camp as the consultant, who argued rightly that different types of organisation are needed for different purposes: "horizontal" and "flexibly project-based" for architects and custom ship-builders; vertical and highly structured for companies which churn out thousands of standard jam jars.

The consultant's conclusion was that "it doesn't matter what it's called - it's what it does that's important". That, although a trifle less poetic, was exactly Shakespeare's misguided point.

As a firm believer in the motivating, often inspirational, power of language, I still beg to differ with him. I shall continue my nomenclature if it renders me horizontal in the process.

The consultant concluded that "it doesn't matter what it's called - it's what it does that's important"

"the Barnes organisation", as in the English soccer team of that name. As he said, "there's no flatter team in the Football League than Barnes FC".

Soccer metaphors also arrived aplenty from the Belgian city of Liege, in the form of "football team", "free-flowing" and "wave-effect" organisations. Good tries, but hardly precise or inspiring.

Then there was the partner of one of the world's leading accounting firms, who proposed "para-functional" - meaning beyond functional. I have news for him: the term is neither stylish nor clear. In my dictionaries, "para" is used to mean "beside" (as in paramedic) far more often than "beyond" (as in paranormal).

A sceptic about the viability of anything resembling a horizontal organisation came up with "managerially disadvantaged". That is certainly stylish, but not necessarily accurate.

Leaving aside a number of other contributions, the most thoughtful letters came from a professor of



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CABLE AND SATELLITE BROADCASTING

London, 15 & 16 February 1994

The 1994 event will concentrate on international competition in media markets, changing technologies and the implications of the digital and compression revolution as well as commercial programming and new entertainment channels. Speakers include: Michael Grade, Channel Four; Robert Phillips, BBC; Adam Singer, Telecommunications and Dr John Forrest, National Telecommunications.

COMMERCIAL AVIATION IN THE ASIA-PACIFIC REGION

Singapore, 20 & 21 February 1994

This biennial meeting, timed to coincide with the Asian Aerospace & Defence Technology Exhibition, brings together expert speakers to discuss the rapid growth of commercial aviation in the Asia-Pacific region and consider the impact of this expansion on the demand for new airliners, additional airports and improved infrastructure. Speakers include: Dr Cheong Cheong Kong, Singapore Airlines; John Wolf, Douglas Aircraft; Dato Kamaruddin Ahmad, Malaysia Airlines; Leonard Singer, Citibank; He Pengnian, Shanghai Airlines and David Scowell, British Airways.

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The ninth in a highly successful series, the 1994 conference will discuss issues of concern for European motor manufacturers and component suppliers, review developments in motor retailing and consider the impact of recession on the industry. Speakers include: Sir David Lees, GKN; John Lindquist, The Boston Consulting Group; Yukihisa Hirano, Toyota Motor Manufacturing (UK) and Karl Ludvigsen, Ludvigsen Associates Limited.

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Hong Kong, 28 February & 1 March 1994

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EUROPEAN WATER INDUSTRY

London, 14 & 15 March 1994

Authoritative speakers will discuss the impact of EC legislation on the water industry in Europe and to consider how governments and companies are responding to the increasing demand for greater environmental protection.

WORLD PHARMACEUTICALS CONFERENCE

London, 23 & 24 March 1994

This topical conference, arranged jointly with Coopers & Lybrand, will examine how the pharmaceutical industry is adapting to the changing healthcare environment, as governments around the world are introducing programmes of reform and attempting to contain costs. Speakers include: Hon Toby Moffatt, Strategic Policy Inc; Professor Dr Horst Meyer, Bayer; Dr Hideo Shinzaki, Ministry of Health and Welfare, Japan; David Anstee, Merck Human Health Division; Kurt Briner, Sanofi Pharma and Kirk Raab, Genentech.

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مكتبة القرآن

Opera in 1993/Max Loppert

Hard times for innovative productions

Although lack of money has meant a rash of revivals of old favourites there have also been some truly bold achievements

The high point of 1993 came almost at the year's end. The way it came provided a handful of topical insights, not altogether cheering, into the direction of opera in Britain now seems headed. For one "public preview" and three concert performances, the London Symphony Orchestra and Chorus, in company with a choice cast containing several British debutants, assembled on the Barbican Hall platform for a once-in-a-lifetime account of Berlioz's *Trojan*.

At the time of writing this, days after the final of the three (the one I attended), I feel myself still utterly rapt in recollection of an awesome experience - and, what is more, I keep bumping into "ordinary" members of the public anxious to relate a similarly durable sense of thrill. The presence on the podium of Colin Davis, the LSO's chief conductor-in-waiting, was all-important: this performance was the fruit of a lifetime's championing of the composer in general and his magnum opus in particular. The conductor's tender encouragement of the three leading newcomers to their roles - the dramatic mezzo Jane Henschel (Cassandra) and Markella Hatziano (Didon) and the tenor Vladimir Bogachov (Aeneas), all nobly responsive - could be felt at every moment. The long span, tensile strengths and imaginative potency of Berlioz's five mighty acts were drawn on, and out, in myriad incalculable ways, fostering a more complete *Trojan* "production" than any I had previously seen or heard of.

This was a concert performance to raise again the old question, do we really need anything more? In other words, do we really need the machinery, trappings and brouhaha of an opera house? The extraordinary thing is that the LSO *Trojan* launched a tripartite December festival of concert-opera in London - a matter of pure coincidence, really - all three parts of which maintained similar high standards and raised similar questions.

At the Albert Hall, the Royal Philharmonic and a galaxy of star singers (including the marvellously opulent-voiced soprano Galina Gorchakova) from the Kirov Opera under St Petersburg chief, Valery Gergiev, seem to have done wonders for Tchaikovsky's underrated last opera, *Iolanta*. At the Queen Elizabeth Hall Monteverdi's *Coronation of Poppea*, given twice by John Eliot Gardiner and his trusty "period" cohorts, was minimally staged, with singers (Sylvia McNair, Anne Sofie von Otter, Michael Chance and the Italian bass Francesco Ellero d'Aragna) schooled to tap a high voltage of dramatic energy from the text. For me the opera was never more gravely beautiful, nor more terrifyingly pitiless in its view of human affections and ambitions.

So, at a time when our national opera companies face the immediate prospect of painful shortfalls in their sources of public funding, is concert-hall opera an art-form worth cultivating? Can such a thing perhaps be relied upon, even encouraged, to "make up the difference" in the money-



Vivian Tierney and Andrew Shore in Opera North's new taut, sharp production of 'Wozzeck', which marked a notable directing debut in opera for theatre director Deborah Warner

starved future? (The LSO has a Davis *Idomeneo* already planned, the RPO-Kirov combination an enticing Rimsky-Korsakov rarity, and the Gardiner-English Baroque Soloists' Mozart series is still in action. In addition, such London bodies as Opera in Concert have their next offering lined up for March, a Royal Festival Hall *Ernani* with the Russian soprano Maria Guleghina.) The answer is, of course we need the "real thing" more than the concert substitute. It only requires a memory-nudge back to another Barbican-LSO opera-concert, much earlier in 1993 - *Peter Grimes*, all but reduced to musical and dramatic hither by the insufficiently prepared (to put it euphemistically) Britten conductor, Mstislav Rostropovich - to point up the countervailing argument. That is: opera-concerts not mounted with the highest degree of preparatory zeal can prove a far more inadequate realisation of the most ordinary opera-house revival.

Likewise, Glyndebourne's occupation of the Festival Hall. This was the year without the Sussex festival proper, the year given over to the building of the new Glyndebourne Theatre (due for opening next May). Two of the three Glyndebourne-LPO concert performances put on in London as makeweights, *Benrice and Benedict* and *Fidelio*, were sad disappointments, showing little evidence of that fine-fingered, lengthily-brewed ensemble interplay for which Glyndebourne performances are renowned. (I missed the third, *The Merry Widow*, which my colleague David Murray enjoyed rather more than I had the preceding Berlioz and Beethoven.)

In any Grand Opera staging, the larger the scenographic requirements - and Berlioz's for *The Trojan* bulk among the largest in all opera - the more probable it is that the theatrical dimension will in the end compromise the musical. That is still no excuse for

our theatres to shirk tackling the biggies of lyric theatre. In spite of all I said earlier about this latest Davis *Trojan*, I still pray that we may have him back at Covent Garden one day, at the head of a brand-new *Trojan* production.

But that needs money, of course. While the fortuitously-arranged London concert-opera festival was unfolding, and indeed during the time of the Kirov *Iolanta*, it was painful to recall that Covent Garden was being forced to put on its umpteenth *Tosca* revival with principals - Sergey Leiferkus and Anna Tomowa-Sintow - who, but for the philistine strictures of the Arts Council's Warnock Report, should have been gracing a revival of the Royal Opera's marvellous 1980 *Prince Igor*. The gloomy fact that, for the foreseeable future, the house will have to avoid the "risk" provided by such elevating challenges as the Borodin epic - or indeed, the *War and Peace* that the company shares

down for money-saving reasons could be felt on more than one first night.

Hard times. It is necessary to report them with an unflinching gaze; but this year I prefer, instead of a case-by-case survey of all our companies, to record more summarily the occasions on which, in spite of handicaps, the positive outweighed the negative. At the Royal Opera this meant, *inter alia*, the new *Stiffelio* little-known Verdi mounted with love and understanding under Edward Downes's wise Verdian baton, not vocally ideal (José Carreras, Catherine Malfitano and Gregory Yurish (the leads) but illuminated by rare commitment.

The shoe-string *Olegin* was lifted to glory by the presence of those already-mentioned Kirov stars, Gergiev as conductor and Gorchakova, Leiferkus and the tenor Gergiev Grigorian. The resonant Russian accent and full-bodied delivery of the score made up for the

exiguous quality of the staging. Earlier in the year, Colin Davis had indeed conducted Berlioz in the house - a borrowed staging (by Harry Kupfer) of *La Damnation de Faust* which I found endlessly enthralling and others simply loathed. *Die Meistersinger* returned, in a first-ever Graham Vick production conducted, also for the first time, by Bernard Haitink. Though it gave me less bounteous satisfaction than many of my colleagues, there was a salient freshness of style about the show that was summed up in the brilliant first-time Beckmeyer of Thomas Allen.

In June the ENO ruling triumvirate of Mark Elder (conductor), David Pountney (producer) and Peter Jonas (general administrator) duly retired. The overview of their achievements will take a while to gain final clarity; already we are aware - because he came back in November to impress us all with a superbly mature,



José Carreras and Catherine Malfitano in 'Stiffelio' at Covent Garden - a little known Verdi mounted with love and understanding

long-breathed account of the new *Lohengrin* - how considerable was Elder's contribution to those achievements. Likewise, the question whether and how the new team of Sian Edwards (conductor) and Dennis Marks (administrator) are settling in is not to be answered by reference to the offerings of their first few months - above all not, I should like to hope, by the evidence of the house's comprehensively disappointing new *Bohème*, of which Edwards offered a worryingly coarse musical travesty.

Since the ENO's 1980s team made its reputation via a "house style" - interventionist, image-conscious - now supposedly outdated in the less carefree 1990s, it gives me particular pleasure to recall as one of the highlights of the year the company's David Alden production of Handel's *Ariodante*, a typical dream-world re-thinking that for all its "radical" excesses created a vital, individual new form of Handelian opera-theatre. The excellence of conductor Nicholas McGegan and cast (led by Ann Murray and Amanda Roocroft) must not go unremembered.

Elder's last new ENO production was of Jonathan Harvey's *Inquest of Love*, which in defiance of an unhelpful staging by David Pountney came across as the most substantial premiere offered at the Coliseum in a long while (this is, unfortunately, less of a compliment than it sounds, given the recent ENO record with regard to new opera).

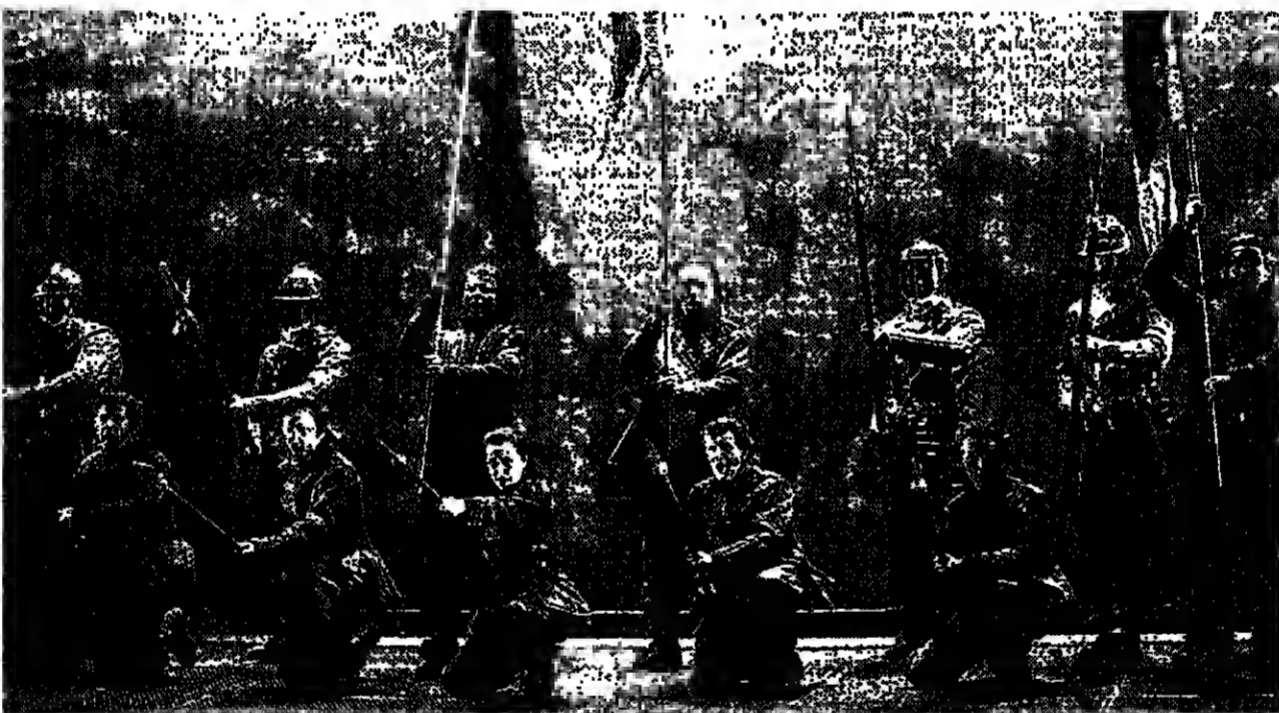
Opera North's farewell to the years of Nicholas Payne's administration was a bumper package of high-calibre, cunningly carried out: *Don Carlos*, *La Gioconda* and by far the tautest, sharpest *Wozzeck* I have seen - a notable debut in opera by the theatre director Deborah Warner - were three of the year's boldest achievements. To do *Gioconda*, an Italian Grand Opera warhorse, on small-house means and succeed with it at all, let alone proudly, takes an admirable

combination of knowhow, foresight and plain daring. I failed to visit Scottish Opera this year; my visits to Welsh National brought mixed pleasures, among them a *Tristan und Isolde* made deeply eloquent more by Jeffrey Lawton and Anne Evans in the title roles than by Charles Mackerras's energetic conducting (the staging was feeble). But I was sorry that a period of autumn illness caused me to miss the company's highly-praised Massenet *Centurion*; please Mr Epstein, bring it back!

In the domain of new opera, and in addition to the Harvey *Inquest*, I was specially grateful for the British premiere of Siegfried Matthäus's *Cornet Rilke's Song of Love and Death*, a long-overdue first British production of any opera by this former East German composer. Short, beautifully made, cunningly devised to function as opera, dream-vision and poetic metaphor all at one go, *Cornet Rilke* proved the highlight of a generally classy autumn season by Glyndebourne Touring Opera.

Prior to its opening, this most valuable of British touring companies had been placed under notice of death sentence by the Arts Council of Great Britain. At the time, passionate protest was aroused, as it should be, by the sheer folly of such a decision; but since then, worries over the future of GTO have tended to be obscured by the brouhaha aroused by the Arts Council's "heauty contest" method of deciding the future funding of three of the four independent London orchestras. Now that this ludicrous piece of judicial irresponsibility has ended in the shambles it so richly deserved, and abuse is being heaped on the council from all sides, those GTO worries seem to have been forgotten.

At the moment the Arts Council itself seems headed either for extinction or else for a well-merited overhaul; but will Glyndebourne Touring Opera be dragged down with this particular sinking ship?



'Cornet Rilke's Song of Love and Death' was the highlight of Glyndebourne Touring Opera's season

INTERNATIONAL ARTS GUIDE

EXHIBITIONS

AMSTERDAM
Rijksmuseum Dawn of the Golden Age, Northern Netherlands Art 1580-1620: 350 works offering a magnificent survey of art in the Netherlands around 1600, from the dramatic paintings of Cornelis Cornelisz van Haerlem and Abraham Bloemaert to the more subtle portraits of Pieter Lastman and Hendrick Avercamp. Ends March 6
Museum Het Rembrandthuis The Netherlands from Life: a visual walk through the countryside of 17th century Holland, with 90 prints of landscape and rural life by Ruisscher, Rembrandt, Van de Velde and others. Ends March 6
Van Gogh Museum Georges de Feure and Felix Bracquemond: retrospective of the Dutch Symbolist painter and the late 19th century French printmaker. Ends Feb 13
Stedelijk Museum Donald Judd: sculptures from Dutch public collections. Ends Jan 23
BARCELONA

Museu Picasso Picasso and the Bulls. Ends Jan 9
Fundació la Caixa Portraits from the Court of Versailles. Ends Jan 30

BASLE
Museum für Gegenwartskunst Joseph Beuys: four illustrated sketch-books from Projekt Westmening 1958. Ends Jan 9
Kunstmuseum Mathias Marain: 40th anniversary exhibition of drawings by the Basle landscape artist. Ends Feb 13

BERLIN
Schloss Charlottenburg The First Europeans: artefacts of archaeological, scientific and artistic interest from eleven European countries, painting a picture of early European civilisation. Ends Feb 18

Museum für Islamische Kunst Imaginary Animals in Islamic art. Ends Jan 31
Kunstgewerbemuseum Interior Design in Germany in the 1950s. Ends Jan 31

BIELEFELD
Kunsthalle Picasso's Late Work 1956-72: paintings and drawings from worldwide collections. Ends Jan 30
BONN
Kunst- und Ausstellungshalle Gerhard Richter (b1932): 100 works by the leading postmodern German artist. Ends Feb 13

DUBLIN
National Gallery Caravaggio's Christ Taken into Captivity (1602): the painting which hung in an Irish religious college until three years ago is now on public view along with other Caravaggio works on loan from Scotland, England and Italy. Ends Jan 31

EDINBURGH
National Gallery of Scotland Treasures from the Mesdag Collection: 50 key works by the members of the Hague and Barbizon Schools, as well as Corot, Delacroix and Daubigny, on loan from the Mesdag Museum in The Hague. Ends Feb 7

Scottish National Gallery of Modern Art 100 Years of Modern Art: 300 works from Villard, Bonnard and Picasso to modern Scottish artists. Ends on February 1

FRANKFURT
Städel Landscape and Interior: 19th century French and German prints. Ends Feb 28. Rosso Fiorentino's Madonna with the Child John. Ends Jan 30

Jahrbuchhalle Hoechst Giorgio Morandi: paintings, watercolours and drawings by the early 20th century Italian still-life painter. Ends Jan 23

Sohrm Kunststhal Georg Flegel (1868-1938): 260 works by one of the major still-life painters of the early 17th century. Ends Feb 13
KASSEL
documents-Halle Stalinalt Art: retrospective of 20th century Soviet art, on loan from Russian museums and including many paintings not exhibited for 40 years. Ends Jan 30

LONDON
Victoria and Albert Museum Art of Holy Russia. Ends Jan 6
Accademia Italiana Renaissance Florence: The Age of Lorenzo the Magnificent. Ends Jan 23
Tate Gallery Ben Nicholson. Ends Jan 9
Royal Academy of Arts Great

Master Drawings from the Getty Museum. Ends Jan 23
British Museum Drawings from Chatsworth. Ends Jan 9

National Portrait Gallery Thomas Eakins, 19th century American portraitist. Ends Jan 23
Courtauld Institute Alejandro Xul Solar (1887-1963): prints and drawings by the avant-garde Argentine artist. Ends on February 27

Hayward Gallery Roger Hilton: 100 works by one of the most vital British painters of the postwar period. Ends Feb 6
MADRID
Prado Goya: cabinet pictures, sketches and miniatures. Ends Feb 15

Fundación la Caixa J.M.W. Turner: drawings and watercolours from the Tate Gallery in London. Ends Jan 20

Centro de Arte Reina Sofia Bruce Nauman. Ends Feb 21. Agnes Martin. Ends Feb 12
MUNICH
Kunsthalle der Hypo-Kulturstiftung Winterland: more than 60 paintings by Norwegian painters of the 19th and 20th centuries. Ends Jan 16

Staatgalerie moderner Kunst Etta and Otto Stangl Collection: 260 paintings by Etta (Klee, Beckmann, Jaworsky and other 20th century German artists. Ends on February 13
Lanbachhausan Hamilton Finlay. Ends Jan 9
Akademie der schönen Künste Henri Michaux (1899-1984): 130 paintings and drawings by the French poet and artist. Ends Jan 9
Villa Stuck Franz von Stuck,

Painter-Prince. Ends Feb 6
NEW YORK
Metropolitan Museum of Art Lucian Freud: 80 paintings, drawings and etchings celebrating the recent achievements of Britain's greatest living realist painter. Ends March 13

Guggenheim Museum Roy Lichtenstein. Ends Jan 16
Whitney Museum of American Art Mike Kelley (b1954): paintings, drawings, sculptures and photographs by the influential Los Angeles artist. Ends Feb 20. Arshile Gorky's Betrothals. Ends Jan 9. Walker Evans and Dan Graham: photographs by two men of different generations who share a vision of America as a failed utopia. Ends March 20

PARIS
Musée d'Art Moderne de la Ville de Paris Around a Masterwork of Matisse: the three monumental versions of the Dance ordered by Dr Barnes for the principal gallery of his foundation in Merion, Pennsylvania, are shown for the first time side by side, together with preparatory sketches and photographs. Ends March 6

Louvre The newly-opened Richelieu wing offers a dazzling setting for the collections of Islamic art, medieval art (including the Treasury from the Abbey of Saint-Denis), Rembrandts and Rubenses, and French paintings from the 15th to 17th centuries.

Versailles Versailles and the Royal Palace of Europe from the 17th to 19th centuries. Ends Feb 27
ROME
Palazzo dei Conservatori Rediscovering Pompei: 200 objects, many from recent excavations,

including the re-creation of an entire room using detached frescoes of flowers and birds which decorated one of the grandest villas. Ends Feb 12

Colografie Antonio Canova and Engraving: new light is thrown on the Venetian sculptor, showing the importance he attached to the quality of the numerous engravings made of his sculptures. Ends on January 6 (Via delle Stamperia 6)

ROTTERDAM
Museum Boymans-van Beuningen Italian Painting 1300-1500: 26 paintings by early Italian artists from Bologna, Florence, Siena and other towns in northern and central Italy, complemented by a wide selection of contemporary prints and drawings. Ends Feb 27. René Block Collection: works by Beuys, Polke, Richter and other modern artists, collected since the 1960s by the renowned German exhibition maker. Ends Feb 6

STUTTGART
Neue Städtgalerie Henri Matisse: drawings and gouaches from the 1940s and 1950s, including the 158 drawings for the series Themes and Variations. Ends Feb 20

VIENNA
Albertina French Drawings from Clouet to Brant: 150 works from the Albertina's collection of 16th and 17th century French drawings. Ends Jan 23
Jüdisches Museum Jewish Vienna: a cultural history of Jews in the city. Ends May 15. Song of Songs: abstract paintings by avant-garde German artist Heinz Mack based on motifs from the Song of Solomon. Ends Feb 13

Kunsthistorisches Museum Baroque in Naples 1707-34: Neapolitan art from the era of the Austrian Viceroys. Ends Feb 20
Kunsthau Joan Miró: centenary exhibit of 120 sculptures by the Catalan painter. Ends on January 24

WASHINGTON
National Gallery of Art The Age of the Baroque in Portugal. Ends Feb 6. Nine Old Master Drawings: works by Dürer, Van Dyck, Rembrandt, Goya and Tiepolo, recently donated to the museum. Ends Jan 30. Cesarini Venus: Giambologna's marble masterpiece (c1583) is the centrepiece of an exhibition focusing on the female nude. Ends Jan 17

Hirshhorn Museum Willem de Kooning: 50 works by the key abstract expressionist painter spanning the years 1939-85. Ends Jan 5
National Museum of Women in the Arts Judith Leyster: ten works by the 17th century Dutch genre artist. Ends April 3

Walters Art Gallery Artists of Eouen. Ends Feb 6
National Museum of American Art Arvin Gottlieb Collection: 22 paintings by artists who worked in New Mexico 1900-1940 and were captivated by the dramatic landscapes and native cultures. Ends March 20

ZÜRICH
Kunsthau Joseph Beuys: comprehensive retrospective of one of Germany's most controversial postwar artists. Ends Feb 20

Museum Rietberg African Masters: masks and figures from Zaire. Ends March 20

Together again underground



BERLIN

Snow was falling fast, but Mrs. Erika Bruhn hardly cared as she entered Pankow U-Bahn (underground) station. "If I had to change trains on the U-Bahn, as I did before, you would not find me in a good humour," she said, tucking her silver hair under her woolen hat.

Mrs. Bruhn lives in Prenzlauer Berg, east Berlin, the heart of east Germany's avant-garde and intellectual life before the Berlin Wall fell in November 1989.

Above the gentle hum of the orange-coloured train, Mrs. Bruhn said she did not believe the city was truly united until a few weeks ago. "Every time I wanted to visit my friends in the western part of the city, I had to keep changing trains. I am 70 years old, so I don't like going up and down all those stairs."

The holiday season has brought a particular delight for Mrs. Bruhn - and other inhabitants of Berlin. For the first time since 1961, the two parts of the city's main underground line have been reconnected beneath the heart of the Mitte, the centre of prewar Berlin.

The U2 now runs west from Ruhleben, near the former Olympic Stadium in west Berlin, cuts through Potsdamer Platz, for decades part of the "death-strip" that flanked the Berlin Wall, to end in Pankow, in the north of east Berlin. "I really feel, now that the old stations have been opened, we Berliners are at long last united," said Mrs. Bruhn.

Until 1961, Berliners used the line to cross the city, though their movements were restricted by regulations imposed by the four allied powers, particularly the Russians who controlled the eastern sector.

The line linked Kurfürstendamm, the fashionable shopping district and its smart coffee houses, with the old historic heart of east Berlin, said Mr. Wolfgang Göbel, spokesman for Berlin's public transport department.

"You could do your shopping, get off at Potsdamer

Platz, walk over to the Brandenburg Gate, and still manage to stroll down Unter den Linden" - one of Germany's finest streets until the second world war.

But once the Wall was built, the underground stations which had run through the centre of Berlin were closed off by east Germany's communists. Its border guards, in knee-high black leather boots, patrolled the desolate, damp and rat-infested stations, to ensure no easterner used the underground as an escape route. Few ever did.

"It is my first time on the line for over 33 years. To tell you the truth, it's wonderful and it's so good for the city's morale. It feels like one city," said Mr. Reinhard Schulze, a mechanical engineer. Mr. Schulze and his friend Mr. Andreas Fiebert, had just travelled the length of the line, east to west, from Pankow to Ruhleben. Both work for a small machine-tool manufacturer located in west Berlin.

More than 380,000 people commute from the eastern to the west German states - 120,000 coming from east Berlin. "There is no doubt that linking the two parts of U2 has economic and psychological consequences," said Mr. Göbel. "It's not only good for the commuters; there's more of an incentive for west Berliners, who for many reasons have been slow to see the other part of Berlin, the museums, to see how easterners live, simply to explore their own city."

Such sentiments, however, sometimes fall on deaf ears in the west of the city. "Why should I bother to go over to east Berlin? There's nothing to see," said Helmut, a 53-year-old engineer, travelling on the western part of the line. "I've never been over there."

But he appeared to be in a minority. Most Berliners, appear uncommonly enthusiastic. Ms. Helga Wetzel, a violinist, said: "The existence of the Wall forced the administrations of both cities to prove each side was better than the other. We don't have to prove anything any more. The U2 is at last making us slowly become a normal city again."

Judy Dempsey



Losers of 1993: (from left) Canada's Kim Campbell; Chief Ernest Shonekan of Nigeria; Pehr Gyllenhammar, ex-Volvo chairman; Japan's Kiichi Miyazawa; and Russian Khasbulatov, now in a Russian jail

If a year can be summed up - metaphorically speaking - in a noise, then 1993 will probably be remembered as echoing with cracks and thuds. The cracks were the sound of political moulds breaking across the western world. The thuds were the consequence, as figures and institutions long thought impregnable fell from their pedestals.

It was a year of flops, but not just any sort of flops: these were downfalls on a spectacular, in some cases one might say heroic, scale.

Take Japan's Kiichi Miyazawa, for example, the last in an unbroken 38-year line of prime ministers from the Liberal Democratic party. Two years ago, Miyazawa was viewed as the thinking person's LDP faction head, a relative liberal in a party leaning to the right, and possibly the man who would change the hitherto unchangeable Japanese political system. In the end, his role was that of a frail leader, overwhelmed by the wider forces conspiring to overturn the old order.

An enduring image of the former prime minister in Japanese minds is his embarrassed silences when he was questioned about political scandals implicating the LDP officials who had given him his turn at the top.

He was humiliated when a rebel faction in the LDP brought down the government by supporting a parliamentary no-confidence motion. His fall was completed in July, when the LDP lost its majority in a general election and Miyazawa resigned from the party leadership.

Nowhere were the cracks and thuds more resounding than in Italy, where an ever spreading web of corruption scandals brought down the political system of four decades and, with it, most of the country's leading politicians.

The pre-eminent exemplars were Bettino Craxi, the Socialist leader, and Giulio Andreotti, the perennial Christian Democrat fixture in government. Throughout the 1980s and until 1992, they were the most powerful political duo in Italy. This year both have been toppled.

The first to be investigated for corruption was 58-year-old Craxi. Accused of receiving illicit funds, he was forced to step down as Socialist leader in February. It was not until April that the magistrates caught up

Resounding thud as reputations tumble

FT writers nominate the world's biggest flops in a year reverberating with the sound of breaking political moulds

with 73-year-old Andreotti, seven times prime minister. He now faces both corruption charges and the more serious accusation of links with the mafia. Whatever else happens in the unpredictable world of Italian politics, it is unlikely that Craxi and Andreotti will enjoy power, or its fruits, again.

That is not necessarily true of Russia's disgraced and incarcerated politicians, Russian Khasbulatov and Alexander Rutskoi, formerly speaker of the Supreme Soviet and vice-president, were the ring-leaders of the abortive Moscow uprising in October. They will be "celebrating" new year and the Russian Christmas in Lefortovo prison. As they do so, they may find just a little consolation in the results of this month's Russian parliamentary elections.

They pitted themselves against President Boris Yeltsin, believing that the people would be with them. The parliamentary results show that they had some reason for thinking so: the kind of policies they espoused were those of the far right and left parties which, together, will make the largest bloc in the new parliament.

The full story of their attempted coup and its suppression has not been told. It may never be, and they may wait as long for a trial as the alleged coup plotters against Mikhail Gorbachev have waited for theirs. Therein lies another reason for a little cheer in the dungeons: three of these plotters were elected to the new parliament and will return to active political life. Never say never again is the best motto in the new Russia.

The opposite is probably the case for Canada's Kim Campbell, living proof of the maxim that six months is a long time in politics. Acclaimed in

June as the glamorous new leader of the Progressive Conservative party and the country's first woman prime minister, she and her government went down in October to the most humiliating defeat in Canadian political history. The Tories emerged from the general election with just two of the 282 seats.

By December, party officials had put pressure on Campbell to step down as leader. The sharp-tongued Vancouver native summed up her brief and brutal political career by suggesting a title for the book she plans to write: *What's a Nice Girl Like You Doing in a Place Like This?*

A flop of a less sensational, though still ignominious, kind was Steven Hofmann, the man nominated amid great hullabaloo to become the next federal president of Germany, but who then withdrew. Perhaps the most remarkable thing about him is the fact he is so unremarkable. He was singled out by Chancellor Helmut Kohl as the easterner who should become president next June. But his ill thought-out conservative views and lack of public relations skills left him prey to the scorn of the media.

He will be remembered for his views on foreigners (no wonder they're unpopular if they steal the washing from your line); on women (they should stay home and raise families); and the end of Germany's "special role" - somehow suggesting, if not meaning, that the Holocaust might be forgotten. He will be remembered for little else.

One of 1993's more surprising disappointments was that of America's Ross Perot. For the diminutive Texan busi-

nessman this was not a vintage year, at least compared with 1992, when he scored the second highest percentage of the vote in a presidential election ever by an independent candidate.

His Waterloo was the North American Free Trade Agreement and his televised Wellington was Al Gore. The vice-president not only exposed him as a bad-tempered autocrat, which is hardly new, but got him blamed for turning the debate on NAFTA into a victory for President Bill Clinton.

Political obituaries may be premature, because his sort of money can still buy a lot of publicity and Perot, impervious to criticism, counts on the blind loyalty of the 2m odd members of his United We Stand America. But the deeper he gets into conventional politics and policies like NAFTA, the less he is trusted by the public.

It seems the humbling of businessmen dabbling in politics has been a general trend this year. In France, Bernard Tapie - perma-tanned entrepreneur, former minister and working-class hero - was snubbed in a range of scandals from alleged match-fixing at his Olympique-Marseille football club to alleged fraud at Testut, one of his few remaining businesses. By year-end, Tapie faced official investigations over the Testut affair, after the lifting of his parliamentary immunity, and had been voted "biggest disappointment of the year" in Paris-Match magazine's annual poll.

In Pakistan, Nawaz Sharif, ousted as prime minister in elections by arch-enemy Benazir Bhutto, provided further proof that business and politics do not mix. Sharif, an industrialist from Punjab, Pakistan's richest province, won praise early in his administration for liberalising the

economy and promoting business interests. But he ran into criticism for overspending, and his most lasting legacy is a mountain of public debt.

In Nigeria - a country where business and politics almost always mix with disastrous results - Chief Ernest Shonekan flopped twice. A leading businessman, he was appointed head of a transitional government in December 1992, but made no conspicuous headway with solving the country's problems. After General Ibrahim Babangida, the military leader, reluctantly stepped down in August, he was made head of state and commander in chief, but he failed to deliver on promises to revive Nigeria's Structural Adjustment Programme. By the time he was removed in November, the government faced soaring inflation, mounting debt arrears and a crippling budget deficit.

Even some businessmen who stuck to their last found it a humiliating year. One such was James D. Robinson III. Back in January, the suave 57-year-old head of American Express staged what seemed a great corporate survival act by shrugging off a coup attempt by some of the non-executive directors. Instead of applauding, however, Wall Street blew a giant raspberry. American Express's shares fell nearly 10 per cent.

Within five days it was all over. Under pressure from shareholders, Robinson packed his bags. By the summer, American Express's shares were up 60 per cent.

In Europe, the most spectacular business reversal was suffered by Volvo chief Pehr Gyllenhammar. A startled Gyllenhammar discovered in December that the company he thought he was driving towards a merger with France's Renault was veering out of his control. The man who had been Mr. Volvo for 22 years was forced to resign as chairman by a management and shareholder rebellion. Instead of capping his career by becoming chairman of Europe's second largest vehicle producer, 58-year-old PG is left facing 1994 without a full-time job.

By Robert Thomson, Robert Graham, John Lloyd, Bernard Simon, Quentin Peel, Jurek Martin, Alice Ransdown, Michael Holman, Richard Waters and Hugh Carnegie

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Questions that dog President Clinton

From Mr Milton J. Ezrati.
Sir, Thank you for Jurek Martin's article on President Clinton. "He Must Have Got Something Right" (December 29). Often a foreign perspective brings a clarity that your own nationals have trouble delivering. But as an American voter, I think I can offer an answer to a question implicit in Mr Martin's piece. Despite President Clinton's rather impressive record in getting bills through Congress, Americans still question his abilities on at least three grounds.

First, there is a suspicion

that in order to pass important, highly visible legislation, particularly the budget, he has promised an inordinate number of special benefits to individual districts and interest groups. This sort of trading is common enough. However, the year panic with which Mr Clinton has used the phone from time to time worries some that the budget and other legislation has cost the nation a great deal and that the full expense in favours, will not become apparent for some time.

Second, there is a sense that the North American Free

Trade Agreement was less a success than it might have been. To many observers, Mr Clinton seemed to let the bill's simple momentum die and then scramble at the last minute to get the necessary votes. People are as critical of the initial neglect as they are impressed with the final passage. As it is, there were more votes than the White House led the public to believe. Some critics go so far as to suggest that it was all a cynical display to make the treaty look more like his than in fact it was.

Third, with his party com-

fortably in the majority in both houses, critics argue that he ought to find it easy to get legislation through Congress. To them, his resorting to tremendous efforts could signify a lack of leadership.

As Mr Martin suggests, the public is hopeful. It is anxious to discard its reservations about the president. But for the time being, a large part of the public is not yet ready to have full confidence in him. Milton J. Ezrati, 12 Oakland Drive, Fort Washington, NY 11550, US

Economic model accuracy

From Professor Douglas McWilliams.
Sir, Professor Kenneth Wallis is quite right to point out (Letters, December 23) that the full effects of tax changes, once multiplier effects are taken into account, are even greater than the first round effects on consumers' expenditure. But he is wrong to conclude that this vindicates conventional models of the economy from the criticism I have made about the way in which they incorporate taxation.

Indeed, the existence of mul-

tiplier effects increases the importance of accurately estimating the "first round" impact of tax changes on consumers' expenditure. The study carried out by the CEBR to which Professor Wallis refers points out that conventional models such as those used by the Treasury and Bank of England typically understate first round effects by half. Douglas McWilliams, chief executive, Centre for Economics and Business Research, Regents Park, London NW1

Others in business broadcasting

From Mr Robin Amlot.
Sir, There are omissions in Simon Ellis's article on business broadcasting (Management, December 22). First, he omits to mention our programme Dawn Traders, broadcast between 5.30am-6.00 am, with a loyal city following thanks to its provision of tightly focused city and market news and information. Second, he omits our finance and business summary in our Drivetime programme which is both earlier and longer than the Financial World Tonight on Radio 4. Containing a mar-

ket report from Wall Street, as well as news coverage of the day's business events and at least one, and often up to three interviews, it is also more comprehensive than the Financial World Tonight. Both these programmes segments broadcast interviews with a wide range of interviewees from city economists to chairmen, financial directors, union leaders etc. Robin Amlot, financial editor, London Broadcasting Company, 72 Hammersmith Road, London W14 8YE

Magical and unforgettable

From Mr Eli Abt.
Sir, Max Loppert ("Entranced by the voice of an angel", December 24) is not alone in his childhood memory of the young Victoria de los Angeles in Johannesburg 38 years ago. Her appearances were a musi-

cal landmark for South Africans of all ages, and none who attended any of those magical evenings has forgotten the experience. Eli Abt, 2/26-28 Gloucester Square, London W2 2TB

Local government plans misuse resources and worry businesses

From Mr Brian Tanner.
Sir, Martin Eastaill writes (Letters, December 29) of the Local Government Commission's support for the two-tier system in rural areas. He also writes of the systematic and objective opinion research undertaken by the commission, that the commission takes into account people's expressed preferences, and that local government needs sufficient resilience to inherit functions now administered by quangos.

How odd, therefore, that he should write this letter in the same week that the commission recommended scrapping the two-tier system in Somerset, one of England's most rural shires. How curious that the recommendation should go against the clear preferences of local people and those of most of the key organisations - economic, social and cultural - directly concerned with local government services. Does he really suppose that a rural unitary council serving a population of 125,000 would be an attractive agency for the next central government initiative, such as community care?

Improving the two-tier system for rural communities would be a far more acceptable use of local authority resources over the next two years than the costly, disruptive reorganisation which we now face. Brian Tanner, chief executive, Somerset County Council, County Hall, Taunton TA1 4DY

From Mr Richard Thomas.
Sir, You are right ("Local difficulties", December 22) to highlight the concerns that business leaders have about the fragmentation of local government into small, single-tier authorities.

It is not just police and fire services, performing strategic functions that cannot be effectively or economically provided by a multiplicity of units.

Trading standards is a strategic service that affects the business community even more directly. Bills currently before Parliament mean that the eight trading standards departments in Wales would nearly treble to 21, and the 12 in Scotland would rise to 28.

Such growth in the number of trading standards departments is bound to increase business complaints about lack of uniformity and to reduce the resources and expertise available to enforce and advise on a complex mass of legislation.

Bodies such as the Confederation of British Industry or the British Retail Consortium have urged the government to minimise the burdens on business caused by fragmented regulatory enforcement. Trading standards is a strategic service which statute should ensure is provided by large units. Richard Thomas, director, public policy group, Clifford Chance, 300 Aldersgate Street, London EC1A 4JJ

1994 whether forecast.

Special New Year's Day edition. Weekend FT.

On Saturday, January 1 the Financial Times will publish a special issue of the Weekend FT, "News from the New Year," which looks at the year ahead.

Whether the world will prosper or founder, whether we should gear up or batten down, and whether we will enjoy it or endure it.

It will also include everything you would normally expect from the Weekend FT: sport, property, travel, fashion, motoring, TV, food and drink, gardening, books and the arts.

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Weekend FT

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FINANCIAL TIMES

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Friday December 31 1993

A time for courage

Hopes for a brighter year ahead in the Middle East rest critically on substantial and rapid progress being made in the peace negotiations between Israel and the Palestinians. With one deadline already missed and this week's talks having failed to make progress, there is growing cause for concern. If they become deadlocked or collapse, the outlook for the region would appear uniformly grey.

Last September's celebrations over the handshake between Mr Yitzhak Rabin, Israel's prime minister, and Mr Yasser Arafat, the PLO chairman, has quickly given way to a more sober assessment of what still has to be achieved, and the wide differences that separate the two sides. These differences are in turn exacerbated by the domestic political difficulties faced by both leaders.

Mr Rabin must constantly balance negotiating concessions against the pressures threatening to undermine his coalition government, while the manoeuvring of the mercurial Mr Arafat reflects, as ever, his paramount desire to maintain ultimate control of the PLO. For Mr Rabin, this appears to mean not conceding anything that might appear to threaten Israel's security, or lead to the eventual emergence of an independent Palestinian state. For Mr Arafat, it means winning symbols of statehood, however minor, at every stage of the negotiations. The two men continue to need each other, but only for as long as they are convinced that peace can be achieved on terms that bolster their political longevity.

Low profile

It is to their credit that they have progressed so far without more active US involvement, but it would be dangerous for the region if the Clinton administration decided to maintain its current low profile. The meeting next month between Mr Clinton and Syria's President Hafez al-Assad must be used to revive the moribund negotiations between Syria and Israel, which also hold the key to an eventual peace deal involving Lebanon and Jordan. A failure to draw Syria back into the process - by Israel acknowledging an eventuality of withdrawal fully from the Golan Heights - will continue to be a check to progress in the Pal-

estian-Israeli negotiations.

The stakes are higher than the negotiators care to admit. Governments throughout the Middle East, both sympathetic and hostile to the west, look increasingly under pressure, and the opposition to them ever more militant. The fall in the price of oil to its lowest point for five years may have just about sustainable consequences for Saudi Arabia, but it could push Algeria closer to political and economic chaos. And while it may be tempting for the US and others to applaud the additional damage that lower oil prices are inflicting on Iran's already ill-managed economy, there is little prospect of it producing a government more sympathetic to the west, a conclusion scarcely less applicable to Iraq.

More generous

The Egyptian government, which is trying harder than any other third party to bring about a wider Arab-Israeli agreement, looks able to contain its Islamic terrorist threat, but not without a serious loss of tourism revenue and yet deeper official reluctance to introduce necessary economic and political reforms. Neighbouring Libya has not been persuaded to change its ways by western sanctions, while Sudan has emerged as one of the main gathering points for the region's disaffected.

Nothing that Mr Rabin or Mr Arafat can do will instantly change any of those fundamentals. But by offering more generous compromises and taking greater political risks in the twilight of their political careers, they can provide a powerful counterweight to the bleak appeal of the extremists. Nowhere can this be more important than in the impoverished Gaza Strip, where substantial sums of western aid are waiting to be used in the battle against economic hopelessness and its accompanying militancy. Of course it matters to both sides who controls the crossing points into the Gaza Strip. But it would be the most lamentable failure of statesmanship to allow negotiations to founder over such a relatively minor issue, and simultaneously provide the encouragement to compromise with triumph that would be trumpeted throughout the Middle East.

Why Edouard Balladur

A scientific choice it is not. For publications that by tradition nominate a person of the year, the choice has always been an artificial and subjective business. There are times when it is unchallengeable: the two occasions in the 1990s, for example, when we settled on Mikhail Gorbachev, or 1990 - German unification year - when it was Chancellor Helmut Kohl. There are years of such unrelieved mediocrity that the decision goes to a controversial success story: witness 1992 and Deng Xiaoping. There are years where the hallmark is success and failure combined, sometimes in the same individual. Nineteen ninety-three has been one such.

What is a person of the year anyway? To our mind, not a saint or a hero, nor even a person whose actions are to be unequivocally approved. Our choices have tended to be individuals who have not only loomed large in the news, but who have succeeded in making a tangible, interesting and broadly positive impact on their country, their business or the wider world. They have been people who, we hope, say something about the big issues of the year.

In 1993, a number of candidates might have fitted that rather woolly bill. The peacemakers were the most obvious - Mandela and De Klerk in South Africa and Rabin and Arafat in the Middle East, although significant questions still surround the peace process in both regions. News maker of the year was Boris Yeltsin, but far from freeing himself of political troubles during 1993, the Russian president faces an ever-deepening sea of them.

Awful start

Of western leaders, President Bill Clinton would have been a worthy choice. In the second half of the year, he has notched up impressive legislative successes from the budget to trade, and launched ambitious social reforms - but his foreign policy performance has been patchy and he had an awful start. Then there is Fed chairman Alan Greenspan. By keeping interest rates low, he has presided over an increasingly robust economic recovery without appreciable inflation, as well as helping to nurse the US banking

sector back to health. But Mr Greenspan has yet to face his real tests: the agonising decision over whether, and when, to raise rates, and a battle with Congress over Fed independence.

In business there was Rupert Murdoch. After bouncing back from his financial troubles, he has spent the year doing what many businessmen have not: expanding all over the world, and exploring new frontiers in the converging world of multi-media. But it is not yet clear that either the multi-media future, or his part in it, is going to be quite what he would have us all believe.

Trade talks

The outstanding success of 1993 was conclusion of the Gatt world trade talks, and it had many parents, including trade negotiators Mickey Kantor and Sir Leon Brittan, and Gatt chief Peter Sutherland. Any or all of these could have been our persons, but ultimately the negotiators' efforts stood or fell on their backing from political masters.

Which brings us to our choice. The case for choosing Edouard Balladur is that he has pulled off a remarkable act of damage limitation in 1993.

When he came to office, France was pursuing an unsustainable mix of fiscal and monetary policies, in a deepening recession, and in danger of succumbing to an ugly mood of isolationism. Since then, the economic policy mix has ignited a currency crisis, and the recession has shown only faint signs of easing. But Mr Balladur has sailed through it all, refusing to promise short-term fixes and keeping his eye firmly clamped on the main prize of a Gatt agreement that could be presented as acceptable to France. What is more, he has managed to boost his personal popularity in the process, which is more than can be said for most western leaders.

Of course, he still has a vast amount to prove. If he fails to produce an economic recovery and a fall in unemployment in 1994, then this choice will seem odd. But if he shows signs of succeeding in the relatively modest goals he has set himself, then this cautious moderniser will be well-placed to become a reforming president of France.

Edouard Balladur has surprised everyone, including probably himself.

In his nine months as France's prime minister, he has proved more consistently popular than any other political leader in the country - indeed in the west - despite recession and record unemployment. Cohabiting harmoniously with a Socialist president, he has embarked on a major programme to privatise state industry. He has weathered a summer currency crisis that seemed to dash France's hopes for European monetary union, but emerged with his dignity intact and the franc back at its old rate against the D-mark.

To cap it all, earlier this month he fended the Gatt negotiations in a way that gave the world its Uruguay Round trade agreement, saved the European Union from a serious political crisis, and kept him in his job - in the process consolidating his position as the undisputed front-runner for the 1995 French presidential elections. If he goes on to win, this courteous, somewhat ponderous man, who was appointed prime minister precisely because he did not seem likely to become a power in his own right, will have changed the face of French politics.

In a year-end interview in his elegant Matignon office, Mr Balladur allows himself to reveal a little in the unexpected nature of it all. "It is paradoxical that the French have evidently still a good opinion of me, and yet apparently believe they are badly governed," he says. He is still scoring more than 55 per cent in opinion polls which, however, also show that nearly two-thirds of the French are unhappy with the way the country is run and more than two-thirds think things are getting worse.

Yet he is clearly beginning to think that the stars favour him. He is amused at how he has bounced back after every punch: "At the start, people said my honeymoon would never last beyond the summer. Then came the August monetary crisis. I thought it would be seen as a setback for the government, but it wasn't. Then came the unfortunate affair of the Air France strike, which led to a torrent of criticism against me in the Anglo-Saxon press."

Finally, there was Gatt. People outside France wondered if I was a statesman with the courage to face down my own fears and sign a Gatt agreement, while others in France wondered whether I would have the courage to... refuse to sign.

But why the resilient poll ratings? When he was last in government, as finance minister in the first conservative cohabitation with President François Mitterrand in 1986-88, he was not popular and was mocked in the press for a smug manner.

Tentatively, Mr Balladur offers two explanations. "Maybe they're saying they can see I'm not responsible for the current situation since I have not been in government for very long. Perhaps, too... people see that cohabitation is going well, that I keep myself apart from daily political squabbles."

Such comments are typical of his low-key style. France does appear exhausted by the left-right struggle of the last few years, and by the campaign for the March parliamentary elections in which the centre-right parties, the RPR and UDF, crushed the ruling Socialists. Mr Balladur's strengths are an ability to appear above the fray; a fearsome appetite for technical detail, which helps to deprive contentious issues of political sting; and a pragmatism enabling him to perform effortless U-turns and, often, to sound plausible in claiming victory out of defeat.

It is with the same *sans froufrou* that he has faced the crises of his nine months, and dealt with the unemployed mines - unsustainable economic and monetary policies and Gatt - left behind by the Socialists.

He concedes he initially misjudged the extent of the French recession, which saw a 0.7 per cent drop in gross domestic product in

Edouard Balladur, French prime minister, is the FT's Man of the Year. He talks to David Buchan and Andrew Gowers

Sang froid in the heat of battle



the first quarter of 1993. His main preoccupation was the dire deficits in the public finances.

"It seemed to me we could not let things carry on like that, because the deficits were sustaining feelings of morosity and worry about the future. There was an intimate psychological link between the recovery of economic activity and the struggle against the deficits."

Mr Balladur's first act, to cut spending and raise taxes in his May budget, arguably deepened the gloom. But after a burst of criticism from within the centre-right majority, he swiftly came up with the "Balladur bond", a public issue which raised FF110bn (£12.6bn) to fight unemployment. He also vigorously launched his privatisation programme, which with this year's sale of Banque Nationale de Paris, two smaller banks and Rhône-Poulenc, the chemicals group, has already realised some FF43bn.

But Mr Balladur's moment of truth was the summer crisis in the European Monetary System. After the Bank of France had lost its for-

eign exchange reserves in a vain defence of the franc at its old parity, many foreign observers concluded a huge hole had been blown in Mr Balladur's credibility. But instead of hurrying his *franc fort* policy, he picked himself up and behaved as if nothing much had happened.

Mr Balladur seems almost serene about that crisis now. It is not just that he is pleased to see the franc back near its old rate against the D-mark. He also appears philosophical about the disappearance of the EMS's old tight fluctuation bands of 2.25 per cent.

He brushes aside theories of Anglo-Saxon conspiracy against the EMS. Then, in a remarkable feat of monetary hindsight, he admits that the premise for the *franc fort* policy was fundamentally flawed: "To try to maintain quasi-fixed parities with divergent monetary and budgetary policies is a nonsense. It cannot last eternally." The decision to widen the EMS bands to 15 per cent - made at his suggestion - can now be claimed as a victory for common sense and Mr Balladur.

The prime minister bristles at charges that he has not taken full advantage of France's new-found monetary freedom by not cutting interest rates more aggressively since August. European governments are virtually obliged to have similar interest rates - even cut-and-run Britain, says Mr Balladur, sending aides scurrying to find charts showing UK short-term interest rates not appreciably below France's.

Despite lower rates he is characteristically cautious about the prospects for the economy, sticking to a forecast of 1.5 per cent GDP growth in 1994.

Will this be enough to reverse the rise in unemployment, which hit a record 12 per cent in October and is forecast to increase further. He hopes so, noting he has already boosted the cash flow of French firms by speedier refunds of Value Added Tax and by introducing tax incentives for apprenticeships and training.

For Mr Balladur, there are no quick fixes for unemployment. Indeed, he stresses that only through painstaking reform over several years can France combat its structural labour market problems - difficulties his country shares with most in western Europe.

He says the Delors white paper on growth, competitiveness and employment, endorsed in Brussels this month, is only the start of a great debate. "We all - French, Germans, British, everyone in western Europe - have a big problem: how can we maintain what we have achieved politically, socially, even morally, in an increasingly competitive world? We... have built up systems of social protection which are very necessary, but also very costly."

Where the French prime minister is weaker is in showing how France might take a lead in tackling this problem. He rejects scrapping the country's generous minimum wage, sometimes criticised for pricing less-skilled workers out of jobs. To do so "would be taken as a signal of social *dérèglement* (toughness), and I am not at all sure it would advance economic efficiency," he says. "So I won't do it."

This is typical of the social caution that marks his Gaullist RPR party out from Anglo-Saxon conservatives. The same goes for his decision in October to back down in the Air France strike. It leaves the prime minister with an awkward precedent when he comes to rationalising other loss-making state enterprises. But he remains unrepentant.

His retreat, he says, was motivated not - as is sometimes said - by the memory of being Prime Minister Pompidou's industrial relations adviser during the upheavals of May 1968 but by the fear of social fragility resulting from unemployment, now at 3.24m.

"Each people has a certain mentality. We in France are very attached to the principle of justice, and in the case of Air France, low-paid staff were being asked to bear more of the cuts [in bonuses]. So I decided it was not worth persevering... And if I had to do it again, I would do exactly the same thing."

There is almost certainly another reason why Mr Balladur defused the Air France confrontation. It came

as the controversy over the Gatt trade talks was reaching its height. One crisis at a time was enough.

When he discusses Gatt, Mr Balladur becomes jubilant - and with good reason. There was a danger that French opposition - notably French farmers - would sink the Uruguay Round. And although Mr Balladur insists he was always prepared to strike a deal on the right terms, his task was scarcely made easier by the way his RPR had fought the parliamentary election on a platform hostile to the understanding reached between the EU and US on agriculture.

Mr Balladur's achievement was to turn these difficulties into a bargaining chip.

When he arrived at the Matignon in April, he says he had two aims. One was to prevent French farmers being made the culprits: from early on his negotiating stance embraced a range of issues beyond agriculture, from the defence of French culture to the overarching rules of world trade. The second was to take the ideological heat out of the whole debate and get down to technical nuts and bolts.

By doing this, and through personal diplomacy, he struck up some useful alliances within Europe - and, he implies, stiffened the EU's resolve. He acknowledges help from Germany's Chancellor Kohl, the Belgian presidency of the EU, Sir Leon Brittan, the chief EU negotiator ("a very intelligent and capable man"), and even the UK "where some leaders supported our demands for a new world trade organisation".

His tough tactics may have won him more concessions than he expected - though he refuses to admit the point: "If I told you today that I obtained more than I thought, I would be a very bad negotiator, because in the next negotiation I would be given fewer concessions!"

Mr Balladur may yet be seen as the man who helped integrate France into the world economy. "I expect - but I could be wrong - that the French will see that it is better to have a good Gatt accord than not to have a Gatt agreement," he says. He also hopes the EU will draw the right lesson: "The important thing is to know what you want. We showed that we're stronger together than if we were alone." No less, the prime minister must be hoping his Gatt gamble will bear favourably on his own political fortunes. For in pulling off an acceptable deal, he has stolen the thunder of France's more protectionist politicians, one of whom - Mr Jacques Chirac, leader of the RPR - happens to see himself as a prime contender for the presidency. Praise for the agreement has come from all sides, including Mr Chirac.

But what of Mr Balladur's ambitions to become president when Mr Mitterrand's term expires in May 1995? He throws up his arms in unusual animation and says: "I'm not talking about that. I have never talked about it, and I won't talk about it for the whole of 1994. And I hope that others will not speak about it either."

The trouble is that "others" already have. Mr François Léotard, the defence minister, and Mrs Simone Vell, both of the centre-right UDF which is in coalition with Mr Balladur's RPR, have said this month that they think Mr Balladur would make a fine president.

Mr Chirac will not be easily displaced from his control of the RPR. But party workers read the opinion polls, and these put Mr Balladur ahead of any other presidential candidate, even Mr Jacques Delors, the other undisputed runner who shows up as a Socialist.

His growing support within the UDF also gives Mr Balladur something the other RPR politician has - the potential to bring the two parties together into the sort of conservative movement almost all other European countries have. This is one ambition Mr Balladur does not shy away from. "That is what I was preaching back in 1988," he says.

A matter of national honour

Gillian Tett looks at the arcane world of merit awards

The obscure titles which give the list its mystique - or oddity.

"Making people the Commander of the British Empire when we don't have an empire any more is not just ridiculous. It's risible," says Professor Stephen Haseler of London Guildhall University, who says the current system is still too imbued with political patronage and social snobbery to reflect merit.

But if he looked abroad, he would find similar anomalies. Though the UK is unusual because it is the Queen who personally confers the awards, decorations are by no means the preserve of royalty.

France, for example, has procedures almost as convoluted as those of the UK. Its top decoration is the Légion d'Honneur, originally awarded for bravery in battle, though recent French governments have presented it to film stars such as Elizabeth Taylor. The former arts minister, Jack Lang, prompted a furore last year by awarding the *Arts et Lettres* literary award to Sylvester Stallone; the current arts minister, Jacques Toubon, gave it to Elton John in May.

Royalist Netherlands has partly avoided such contentiousness by almost never honouring film stars. About 5,500 orders, mostly the Orange-Nassau, are given annually, in a list that promises women vigor in the hands of an intact body. This year's list was compiled by Downing Street civil servants, as always. Neither does the government have plans to abolish most of

work. In addition, about 100 special medals are distributed every year to sportsmen and women.

But it is the US that provides the greatest contrast between public and private awards. In spite of its egalitarian ethos, professional awards are prolific. US presidents, though, have been among the most restrained players in the honours game. President John F. Kennedy established the highest civilian award, the Presidential Medal of Freedom, in its present form in 1963, and on average there have been only nine recipients a year.

Lech Walesa has received one, along with Lady Thatcher and - memorably - Frank Sinatra. The American public is free to nominate candidates, though the

list is decided by the president. Paul Nitze, 86, a foreign policy adviser to every US president except Jimmy Carter in the past 50 years, received the freedom medal in 1985. "I suppose it had something to do with my role in arms control," says America's best-known arms controller, who admits that he wears it "from time to time".

Soviet leaders have been less restrained. Leonid Brezhnev not only loved receiving medals but handed out thousands of titles, such as the Lenin Prize and Hero of Socialist Labour. "They showed you on television. It was an important recognition of genuine labour," says Valentin Vdovin, a former Russian diplomat, who received a clutch of medals which he washed, according to tradition, in vodka.

The collapse of the Soviet Union has brought chaos to the honours system. Although the Russian government has replaced the Hero of Russia, and reinstated the Russian equivalent of the Nobel prize, most honours have vanished.

Poland has also abolished its communist medals - the Builder of the Polish People's Republic, and Banner of Work, which were colloquially known as "bread" orders, because of the privileges they provided. However, President Walesa has reinstated the prewar Order of the White Eagle - and presented it to the Pope and to Czech President Václav Havel. Political change has also touched

the British Commonwealth. Australia's citizens now receive the Order of Australia, created in 1975. The list is drawn up by an independent committee, although it is still rubber-stamped by the Queen. The Australian George Ivan-Smith, a former UN diplomat, whose exploits include being kidnapped in the Congo in the 1960s, says he was delighted to receive the Order. "What I liked best was that they had recognised international service," he says.

Canada has made similar changes, and encourages citizens from accepting honours conferred by foreign governments. To avoid linguistic wrangles, its own snowflake-shaped medals are testily inscribed in Latin. Instead of French or English.

There is not much opportunity to wear medals in casual Canada, admits Mr Fredrick Eaton, Canadian High Commissioner in London, an Officer of the Order of Canada. However, he often sports his gong in London - even though it is sometimes mistaken for membership of the Rotary Club.

Mr Eaton does not think Canadian practice could replace the UK's time-honoured traditions. "I don't think there is much Britain can learn from Canada - we learnt it from you," he says. And though some Britons might blush at the imperial past enshrined in their medals, the honours list shows no signs of losing its popularity.

Additional reporting by David Marsh, Jurek Martin and Anthony Robinson



IT'S POLITICAL - I GOT IT FOR NOT HAVING A LOVE CHILD

Banking system to be restructured ■ Currency reforms planned Shanghai to resume old role as financial capital of China

By Alexander Nicoll in London
and Louise Lucas in Hong Kong

Shanghai will resume its place as China's financial centre as part of the country's currency and financial reforms to be introduced tomorrow.

Details published yesterday of plans announced on Wednesday to unify the exchange rate made clear that Shanghai, the financial and trading hub of pre-revolutionary China, would be the centre of a new currency dealing network.

It also became clear that controls over the use of foreign currency by both Chinese and foreigners will remain strict and will even be tightened in some respects.

The government said it would enforce a ban on circulation of foreign currency in China, though economists in Hong Kong said this would be difficult.

The currency reforms take effect tomorrow at the same time as a fundamental reshaping of

the taxation system. Banking is also being restructured to create a true central bank and streamlined commercial banks which will permit monetary control and credit allocation along western, market-oriented lines.

The new banking system is to be the base for a national inter-bank foreign exchange market. The People's Bank of China, the central bank, will post a daily official rate for the yuan based on conditions in this market and taking into account the dollar's international performance.

The market will take some time to establish. In the meantime, foreign exchange trading will continue in "swap centres" across the country.

Shanghai has the largest of these and its centre will become a national hub linked via computer to other main cities. A mansion which housed the central bank before the second world war will be the site for a new trading floor.

Shanghai also plans to establish

an interbank money market and a national gold market during 1994, and is expected to see growing trade in government bonds. Its stock and commodity markets are flourishing and it plans to establish a futures exchange.

The fast pace at which China is proceeding with reforms, even before creation of the means to carry them out, suggests that the Communist party leadership is united behind them despite the vulnerability of the booming economy to inflation and overheating.

Mr Qiao Shi, a member of the seven-man Politburo standing committee, stressed the drive for reform in a speech published yesterday. He said 1994 would be a year "in which the task of deepening reforms will be more concentrated. We can only succeed. We must not fail."

However, controls on Chinese wishing to use foreign currency remain tight. Individuals must produce certificates authorising

purchase of foreign currency, and will be allowed an amount based on the number of days they will be abroad, an official said.

Foreign companies will be allowed to buy hard currency with yuan, but foreign individuals will be banned from changing yuan into other currencies. Economists in Hong Kong said it would be very difficult for the Chinese authorities to enforce a ban on the use of foreign currency.

Although prohibited, foreign currency is frequently used by mainlanders in both business transactions and daily shopping. It is estimated that some 30 per cent of all Hong Kong dollar notes are in circulation across the border, especially in the southern provinces of Guangdong.

Mr Gilbert Choi, an economist with stockbroker W1 Carr, said the Chinese authorities were trying to stop a trend towards replacing the yuan with foreign money, mainly Hong Kong and US dollars.

PLO yet to reply to plan for breaking deadlock over troop withdrawals Israel offers to share border controls

By Julian O'Connell in Jerusalem

Israel has offered to share control with Palestinians of the border crossing points with neighbouring states. Officials see it as a final attempt to break the deadlock in negotiations on Israeli troop withdrawal from the Gaza strip and Jericho.

The Palestine Liberation Organisation said yesterday that the proposal, which Israeli officials claim was broadly agreed by the two delegations in Cairo this week, has not been accepted. The PLO is insisting that it alone should control the crossings.

Mr Yasser Arafat, a senior PLO official who attended the Cairo talks, said the PLO had not agreed to the draft text and accused Israel of exaggerating the extent of agreement. "There is no joint agreement. It is a

paper which includes the Israeli view," he said.

"We hope that these kinds of exaggerations, which we consider as an attempt to bluff, will not undermine the present form of negotiations."

Mr Arafat said the PLO intended to send Israel its written response later.

According to the draft document, released in Jerusalem, Israel would maintain control over external security, except at the crossing points between Jordan and Jericho and between Egypt and Gaza.

At those points both sides would have a veto over travellers seeking to enter Gaza and Jericho. The Palestinians and Israelis would have separate windows with their own flags within one terminal building. Checks would be carried out electronically and

leading Palestinians would be exempt from the procedures.

The proposal marks a climb-down from earlier Israeli demands to maintain sole control over the entry points. Israel has also doubled its original offer of the land area around Jericho to be administered by the Palestinians to about 56sq km, still far below PLO demands.

Mr Shimon Peres, Israel's foreign minister, and Mr Yossi Sarid, the environment minister, who attended the Cairo talks, continued to insist yesterday that the proposal was broadly agreed by the PLO team and merely needed final approval from Mr Yasser Arafat, the PLO chairman.

Mr Sarid said it seemed that Mr Arafat had refused to back the judgment of his negotiating team. "As one who was there, I can say in the clearest and most

authoritative way that the understandings which are being discussed are unacceptable to the heads of the PLO, but are unacceptable to the PLO leader," he added.

Foreign diplomats said that Israel, by releasing the text of the draft proposal, was trying to increase pressure on the PLO to accept the deal as a "final offer".

Mr Peres also warned yesterday that the April 13 date by which Israel is due to complete its military withdrawal would not be guaranteed if the negotiations continued to drag on.

Egypt and Jordan are reportedly backing the compromise proposal and urging Mr Arafat to accept. Mr Arafat yesterday flew unexpectedly to Jordan to consult King Hussein.

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Lifeline for Italian state groups

Continued from Page 1

out that state companies had been borrowing at rates of 15-16 per cent from banks, although they were formally backed by a state guarantee.

The Treasury has yet to decide what form the financial instruments will take, but officials pointed out that interest rates would be around 8 per cent in current market conditions. This would represent a substantial saving in Iri's present financial charges.

No figure has been fixed for the size of this rescheduling, but yesterday there were suggestions the Treasury would issue at first

some L10,000bn in favour of Iri and its subsidiaries. Such measures would save Iri more than L5,000bn in debt service.

Despite obtaining L1,800bn from this month's privatisation of its 67 per cent stake in Credito Italiano, Iri's finances are in desperate shape. The group will need to find more funds early next year to finance the restructuring of Alitalia, the state airline, and the sell-off of the Iva steel group. Clearing up Iva for privatisation is likely to cost L1,000bn.

Treasury officials insist that the measures do not infringe existing agreements with the European Commission over state subsidies. The government feels

it has finally patched up its relations with Brussels in deals over Enim, the state industrial holding in liquidation, and over Iva - the latter being concluded just before Christmas.

The government was allowed in July to refinance the debt of state companies but undertook not to increase the overall level of debt outstanding at the end of 1993.

The new measures will not increase the total debt stock of state companies or weigh upon the budget deficit.

The Treasury said the government was anxious to see the debt rescheduling mechanism operational as soon as possible.

Banesto seeks fresh capital

Continued from Page 1

chairman installed as Banesto's new president by the Bank of Spain.

The board member said that Banesto would try to keep intact its core banking business - including Portugal's Banco Totta & Acores in which it has a controlling stake.

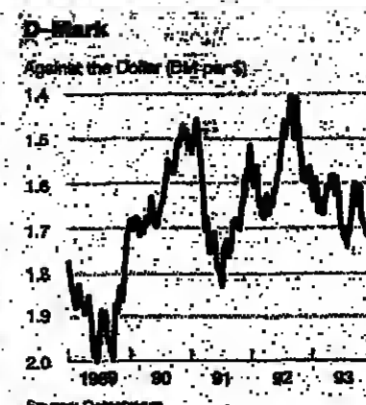
Banesto may initially ask other banks for an injection of equity, which could be subsequently floated, and may also try to issue subordinated debt.

The Bank of Spain guaranteed Banesto's deposits this week in an effort to maintain confidence.

THE LEX COLUMN

Unlucky dollar

FT-SE Index: 3428.8 (-33.2)



While the equity markets have been getting glowing end-of-year reports, the same cannot be said of the dollar. The consensus at the start of the year was that it would rise above DM1.80. Instead it still has not recovered its July peak of DM1.74 despite this week's spurt on the back of relatively strong US economic statistics. The question is whether it will fulfil in 1994 the expectations that were invested in it for 1993.

Now, as then, the US economy looks stronger than that of Germany and the transatlantic interest differential is expected to narrow. One reason why this failed to provide much support for the dollar in 1988 may be that the US recovery was not strong enough to require tighter Federal Reserve policy. The D-Mark was also supported, at least until September, by strains in the ERM and subsequently by the relative caution of the Bundesbank in cutting interest rates.

Yet the past year has seen a substantial narrowing of the interest differential as German rates came down. Three month D-Marks cost nearly 6 percentage points more than US dollar deposits in January. Now the difference is less than 3 points. Ten-year German government bonds are actually trading at a yield 30 basis points lower than their US equivalent, which should make for a much stronger dollar. Its upward progress may remain anaemic unless the US recovery reaches the point where the market believes more than one round of Fed tightening will be needed.

Metallgesellschaft

Metallgesellschaft's new management is still not ready to reveal the extent of the problems it has unearthed. The news that it has brought forward its bank creditors' meeting and that its gross debt is DM8bn is disconcerting none the less. Gross debt has doubled since its last balance sheet in September 1992, when group equity was incidentally just DM3m. The need for a debt rescue is becoming increasingly apparent, but the negotiation may be particularly tortuous, given Metallgesellschaft's far-flung network of subsidiaries, many of which involve substantial outside shareholders.

It thus looks as though the German banks will not be able simply to impose their own solution. Indeed, there must already have been a strong temptation for overseas banks to abuse Deutsche and Dresdner Bank's

commitment to provide liquidity by seeking to call in some of their own loans. That alone would be grounds for bringing the creditors' meeting forward. In the short run, arms may have to be simplified by selling off subsidiaries in countries such as Canada and Australia, but that would also involve stripping out mainstream businesses in metals and mining.

UK advertising

Those idyllic days when advertising agencies grew at 20 per cent a year and boasted 20 per cent profit margins now seem beyond the imagination of even the most creative copywriter. But it seems equally implausible that big chunks of the industry will continue to work for next to nothing. According to Touche Ross, 15 of the top 50 advertising agencies incurred pre-tax losses in 1992, with the average operating margin falling to 6.3 per cent.

This year, investors have been quick to latch on to the sector's recovery appeal with forecasts suggesting that UK display advertising could grow by 8 per cent in 1994. Costs have been cut brutally. Theoretically, that should ensure profits rebound smartly when volumes recover.

But advertising is another industry where it is difficult to disentangle short term cyclical influences from longer term structural forces. Specialist media buying agencies have permanently eroded buying commissions. Moreover, the fuss over brands following Philip Morris's move in cutting the price of its Marlboro line has concentrated advertisers' minds, leading

many to cut promotional spend and concentrate on everyday low pricing instead. There seems little reason why UK agencies cannot match the margins attained by their US counterparts. Both Interpublic and Omnicom achieve operating margins double those of most UK agencies. But that does not presuppose that UK agencies can be just as soberly managed.

Poland

Astonishing though it may seem, Poland has been the best performing European bourse of 1993. The market, which re-opened in 1981 after a break of 52 years, has risen more than 11-fold this year. Even in US dollar terms, the WIG index has increased six times. Despite the re-election of a mainly communist government, western stockbrokers have been wading lyrically about the emergence of Europe's first tiger economy. Investors have plunged into the Polish market since the summer, buying 20 per cent of its shares.

Poland's economy remains fragile but recent trends are encouraging. Industrial production, which has dropped 40 per cent from its peak, will perhaps have grown 4 per cent this year, making Poland one of the fastest growing European economies. That growth rate may rise to 7 per cent by the second half of the decade. Inflation has been tamed, if not suppressed. The budget deficit shames many a western European government. The private sector accounts for more than half of Poland's output. Poland's low labour costs and skilled workforce make it an attractive manufacturing base.

The Polish stock market remains immature and minuscule: the 22 listed companies have a value of only \$2bn - the size of a small FT-SE 100 company. The market is also prone to the volatility and illiquidity fears that plague any emerging market. But who said Europe was sclerotic?

S.G. Warburg

S.G. Warburg was unlucky to drop from first to 12th place in the league of takeover advisers in 1993. But the table simply confirms the low level of merger activity. If demergers were included too, Warburg's role as adviser to ICI/Zeneca would propel it into first place. Since ICI was worth almost \$9bn when Zeneca was spun off, Warburg would even make Kleinwort Benson, this year's leader, look like a bit player with just £1.2bn worth of transactions.

FINANCIAL TIMES CONFERENCES

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Channel Four Television Corporation

Mr Leslie Hill
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National Transcommunications Limited

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FT WEATHER GUIDE

Europe today

A frontal system associated with a complex area of low pressure over the North Sea will move eastwards into central Europe, producing cloud and rain in most areas. In the Alps, snow levels will be around 2,200 metres, falling to 1,300-1,700 metres. In the wake of the frontal system, cold and unstable air will spread over the British Isles and the Low Countries giving rain showers and snow or sleet over high ground. Northern Spain and Portugal will have some rain. Elsewhere it will remain mostly dry with sun in the south. Italy will have abundant sunshine with pleasant temperatures. Scandinavia will remain cold and cloudy with snow in most regions.

Subsided at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	26	Madrid	12	Paris	10
Algiers	20	Moscow	-10	Rome	15
Amman	18	Nairobi	22	Stockholm	0
Antwerp	10	Rangoon	28	Sydney	27
Athens	16	Seoul	1	Taipei	19
B. Aires	29	Singapore	27	Tel Aviv	24
Bombay	28	Sri Lanka	27	Tokyo	7
Buenos Aires	19	Taiwan	21	Toronto	-2
Calcutta	28	Tanzania	27	Turkey	17
Cairo	23	Thailand	28	Vancouver	7
Cardiff	10	Togo	28	Venice	6
Chengdu	10	Tunisia	28	Vienna	8
Columbo	28	Uganda	27	Warsaw	8
Dakar	26	Ukraine	27	Washington	8
Dallas	16	USA	27	Wellington	19
Dhaka	28	Yemen	27	Zurich	10
Dubai	28	Zambia	27		
Dublin	10	Zimbabwe	27		
Dunfermline	10				
Edinburgh	10				
Faro	10				

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IN BRIEF

Viacom in talks with bid partners

Viacom, the US cable television company, is believed to be involved in tough negotiations with partners Nynex and Blockbuster Entertainment over the terms on which they might back an increased bid for Paramount Communications. Page 14

Local authorities turn to bonds

Two UK local authorities are planning to tap the sterling bond market in January, marking the first appearance by such borrowers in the domestic bond market in more than a decade. The local authorities of Leicester and Salford hope to raise between \$20m and \$100m (\$149m) each from UK institutional and wealthy retail investors next month. Page 15

SG Warburg topples from top

The value of mergers and acquisitions among public companies declined 60 per cent over the past 12 months, according to industry estimates. SG Warburg, which last year topped the table as advisers on successful and failed bids, has slipped from first to 12th place while Kleinwort Benson emerged as the new league leader. Page 16; Lex, Page 12

Eurotunnel shares rise

Shares in Eurotunnel rose sharply after news that the group had won an extra 10 years on its concession to operate the Channel tunnel. Page 16

SG Technology in cable TV deal

Shares in Baillie Gifford Technology, the investment trust, were suspended yesterday at 31p, pending announcement of a \$15m (\$22m) cable television deal. Page 16

Shake-up for airport catering company

Porte Airport Services is being spun off from Forte and is expected to have a market capitalisation of \$200m (\$296m). Forte will retain 25 per cent of the airport catering company, to be known as Alpha. Page 17

Threat from big bananas

The banana industry in the Windward Islands is being restructured to make it commercially competitive and to improve its chances of retaining its market in Europe, which is threatened by Latin American competition. Page 18

Copper producer back from the brink

Zambia Consolidated Copper Mines, once one of the world's biggest copper producers, has in the past few weeks pulled back from threatened collapse and 1994 could provide ideal conditions for the state-owned group "to turn positively to the task of renewal and revival", according to Credit Lyonnais Laing. Page 18

Oil groups ride the wave

Shares in some of the world's biggest oil companies have managed to ride the current wave of euphoria sweeping international stock markets even though crude oil prices have hit five-year lows. Back Page

Taiwan hits 30-month high

The Taiwan market surged 5 per cent to a 30-month high after the economics minister, Chiang Pin-kung, said the island should seek direct shipping links with China next year. Back Page

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Chief price changes yesterday

FRANKFURT (DEM)

US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20

NEW YORK (D)

US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20

PARIS (FF)

US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20

NEW YORK (DOLLARS)

US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20
US 100	572	+ 20.5	US 100	570	+ 20

German group hastens talks with bankers

By David Waller in Frankfurt

Metallgesellschaft, the Frankfurt-based conglomerate, has brought forward a planned meeting with its bankers to discuss the full extent of its liquidity problems. Frankfurt bankers said yesterday that preliminary talks between the company and leading bankers had taken place in New York this week. Following these talks, Mr. Ego Neukirch, Metallgesellschaft's chief executive, decided to invite all its bank creditors to a meeting next Tuesday or Wednesday, bringing the date forward from January 10. The moving forward of the meeting indicated that the group's problems were more serious than expected, bankers said. Metallgesellschaft refused to comment yesterday on a report by Spiegel magazine that Mr. Neukirch would seek a full-scale moratorium on group debt, estimated at a gross DM6bn (\$4.6bn), in order to stave off insolvency. The group only said that the DM6bn level of indebtedness applied to the group as a whole, was offset by considerable liquid resources and was not unusual for a group which derived around half its annual turnover of DM27bn from trading activities. Full details of Metallgesellschaft's indebtedness have not been disclosed. The group has not published a balance sheet for the year to September 1993. Metallgesellschaft, which has activities ranging from mining and metals to engineering and raw materials trading, said management was working intensively on "damage control and possibilities for a solution" to problems which had arisen through the oil trading activities of MG Corp, the group's US trading subsidiary. Liquidity problems led earlier this month to the forced departure of Mr. Heinz Schimmelbusch as chief executive as well as five board directors. It seems likely that MG Corp contracted forward to buy up to 100m barrels of oil in anticipation of rising oil prices. But sharply falling oil prices triggered steep margin calls - cash payouts. The cash payouts forced Mr. Schimmelbusch to turn to bankers to solve what were then described as temporary liquidity problems. Mr. Neukirch, Schimmelbusch's successor, is likely to sell off many of the group's 258 operating subsidiaries as part of a restructuring which is also likely to involve a large cut in the group's 58,000 staff. There will also be a rights issue. Lex, Page 12

MCI lines up \$1bn challenge to Baby Bells

By Martin Dickson in New York

MCI Communications, the US long-distance telephone company, is expected to announce a bold new initiative next week to enter the local telecommunications market and compete head-on with America's Baby Bell regional phone companies. MCI declined to comment yesterday, but it is thought to be planning to spend more than \$1bn to construct local communications networks in leading US cities to cream off business from the Baby Bells. The company may fund the investment out of the \$4.3bn it is set to receive from British Telecommunications in return for 20 per cent of its equity. MCI played the central role in forcing competition in the US long-distance telephone market in the 1970s and 1980s. Its entry to the local arena could mean tough new competition for the Baby Bells, which until recently enjoyed virtual monopolies. Now a growing number of rivals are nibbling away at their business. These include so-called Competitive Access Providers (CAPs), which operate highly efficient fibre optic networks in big cities, creaming off lucrative business customers by offering them cheaper rates for bulk traffic. Cable television service companies are also planning to offer telecom services as part of new fibre-based interactive multimedia networks reaching homes and offices. One of the largest CAPs, Teleport Communications, is owned by four leading cable companies - Telecommunications Inc (TCCI), Cox Enterprises, Time Warner and Comcast. MCI has held talks with cable companies about bypassing the Baby Bells by using cable wires to deliver its long distance services to end-users. It and other long-distance carriers, notably AT&T, have long groused about the huge fees they must pay to the Baby Bells to carry their long-distance traffic the last few miles to customers. These "access charges" bear little relation to the cost of providing the service yet account for around 30 per cent of the Baby Bells' revenues. Setting up its own local network would allow MCI to bypass these charges, as well as bringing in a new stream of local traffic revenues. The MCI plan is believed to call initially for the installation of local networks in some 20 US cities, including New York, Los Angeles and Chicago. The scheme will provide fresh political ammunition to the Baby Bells, which are pressing to be allowed into the long-distance market.

Options scramble behind FT-SE moves

By Peter John in London

The expiry of some \$4bn (\$5.9bn) of over-the-counter options has been one of the main factors behind sharp movements in the London stock market over the past two days. A prime reason for the surge which took the FT-SE 100 index to an intraday peak of 3,480.8 yesterday was share buying by investment funds and banks to cover their OTC positions. Many funds have been buying hedge puts, which give an option to sell the underlying market at a fixed time and price, and selling calls, to lock in profits made earlier in the year. Few fund managers, however, were able to factor in the latest rise which has lifted the stock market by about 9 per cent since the November 30 Budget. The principal expiry yesterday involved an institution which had bought a "zero cost collar", an OTC covering call options and put options in about 30 leading FTSE stocks. It was one of a number of OTC deals which have expired this week. Once the positions were covered, buying pressure eased yesterday and profit-taking took the FT-SE 100 to 3,428.8, down 33.2 on the day. Mr. Chris Satter, head of UK trading at SBC, said: "The OTC market has really picked up in London this year and we have carried out a large percentage of the recent transactions." Morgan Stanley, Goldman Sachs, Salomon Brothers and UBS have all also been providing OTC insurance against falls in the market for US income funds, UK investment funds, UK life assurance funds and some pension funds. Mr. Guru Ramakrishnan, derivatives specialist at Morgan Stanley, the US investment bank, said: "I am continually astounded by the increasing number of accounts using OTCs but they do offer considerable flexibility and anonymity at a fair price." Some analysts suggest further volatility in today's end-of-year half session as another large OTC option expires. European futures, Page 15; London market, Page 19

John Gapper reports on Standard Chartered's transformation from the ugly duckling of UK banking to the belle of the ball

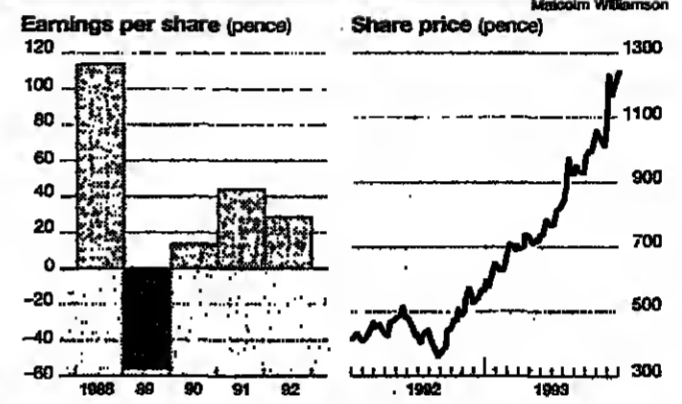
Missing on the sudden popularity of Standard Chartered, Mr. Malcolm Williamson compares his bank with a teenager who is leaving behind the awkwardness of childhood. "As you cease to be an ugly young girl and become attractive, some of the boys are bound to get excited," he says. Excited is putting it mildly. Even by the standards of banking - one of the strongest performing sectors in the London stock market in 1993 - Standard Chartered blossomed. The old colonial bank that has not yet shaken off the image of being eccentric and indifferently managed has nonetheless managed to double the price of its shares to a heady 1234p.

Unfortunately for the new management which took over in May on the retirement of the former chairman and chief executive, Mr. Rodney Galpin, this has little to do with history. Standard has an exceptionally strong franchise in the growing markets of Hong Kong and the Asia Pacific, built up over 140 years by the chartered banks from which it was formed. Standard's transformation has been sudden indeed. It has been an ugly duckling among UK banks for most of the past decade, with a chapter of accidents including last year's \$233m (\$433m) provisions and write-downs against the Indian securities market scandal, contributing to an indifferent rating and speculation about a takeover.

Mr. Williamson, who became chief executive with the accession of Mr. Patrick Gillam as non-executive chairman, argues that it has now emerged from the worst vulnerability. "There is no particular reason why anyone should have a tilt at us, and it would be quite expensive now," he says. Yet he and Mr. Gillam have a lot to achieve before Standard's rehabilitation is assured. The bank has suffered from three core problems:

- Earnings have been extremely volatile. Earnings per share fluctuated from 113p to a loss of 53.6p between 1988 and 1989. This is partly because it has consistently poured cash down unexpected holes such as Bombay, but also because it operates in many fast-growing economies which produce high returns at the top of the cycle, but are also at risk of sudden falls in asset prices.
- Management has been poor. Standard's colonial roots created a federal structure which gave its country managers a lot of autonomy. The bank exerted too little control from London on the balance of its businesses and did not monitor adequately the operational, credit and market risks it was running.
- It has been under-capitalised.

Blossoming bank strips off colonial past



By geographic segment 1992

	TRADING PROFIT DM	TOTAL ASSETS DM
Asia Pacific	382.4	14,050.4
Australia	(1.7)	294.7
North America	(19.7)	1,538.4
UK and Europe	(64.4)	6,920.7
Africa	43.6	1,333.1
Middle East and South Asia	(267.7)	2,285.0
Continuing business	72.5	26,422.3
Problem country debt unit	(2.2)	904.0
Total Group	70.3	27,326.3

Source: Standard Chartered

Its equity to assets ratio has fallen steadily over the past five years and it has just bolstered its capital with a £100m issue of preference shares. Apart from paying uncovered dividends between 1989 and 1991, the devaluation of sterling against the dollar has weakened the ratio of its sterling equity to overseas assets in currencies which track the dollar. In spite of the weight of history, most brokers are now bullish. "There is a good story here," says Mr. Robert Law, an analyst at Lehman Brothers. "Standard now has a very strong management team that is focusing on business where they have a good franchise and running down the marginal ones. You are starting to see the underlying profitability of the bank coming through."

There is little disputing Standard's formidable earnings potential. Its shares, despite their rise, are still only trading at between 10 and 12 times brokers' estimates for full-year earnings, which is not demanding for banks in the Asia Pacific area. Such earnings should ease its capital problem, but will not address those of poor management and earnings volatility. Mr. Gillam lists the ways he and Mr. Williamson are trying to address these two issues. He has

attempted to improve management by recruiting senior executives from outside the bank and by imposing stronger controls. Among those recruited this year are Mr. Peter Wood, the former Barclays finance director, to head the new combined function of finance and risk management. The bank is now trying to set stronger central guidelines from London. These are implemented by regional management "hubs", including one in Dubai controlling the Middle East and South Asia. Mr. Williamson says this means that Indian operations are now monitored from a hub "only a couple of hours flying time away. That gives us an infinitely better degree of control."

The need to improve the quality of earnings is being addressed in several ways. One is to reduce assets in countries which produce poor returns, including Africa and most OECD countries. Mr. Gillam says that it may eventually confine operations outside Asia and other fast-growth economies to trade finance, and capital markets and treasury functions.

Standard is also trying to increase its flows of non-interest income, both by providing services to companies, and by acting as a financial intermediary rather than using its balance sheet. Mr. Gillam cites the example of China, where it lacks the capital strength to lend large amounts for big projects, and wants to act more like an investment bank by arranging and syndicating loans.

This raises the question of how much capital it needs. Mr. Law is among those who argue that Standard needs a much stronger capital base to operate in risky countries, and points out that other Asian banks maintain a ratio of tier 1 capital (largely equity and retained earnings) to risk-weighted assets of more than 7 per cent. Standard's tier 1 ratio in the first half was 5.4 per cent. Mr. Gillam believes the bank would be over-capitalised if the ratio rose above 7 per cent, although he is aiming for at least 6 per cent. That does not seem too testing a target given the earnings which Standard can expect over the next three years. But he says that even when capital is restored to a healthy level, the bank will remain cautious about expanding assets in the Asia Pacific.

Indeed, the whole mood at Standard is one of caution. Mr. Gillam admits that the management has not yet demonstrated the ability to produce consistent high returns. But he brushes aside talk of the bank being an unmanageable beast. "I do not think it is axiomatic that this institution is more hazardous than others, providing it is well run. That is our challenge."

BAe sells Ballast Nedam arm

By Andrew Taylor and Paul Taylor in London

British Aerospace has sold Ballast Nedam, its Dutch construction subsidiary for £150m (\$258m) to a consortium including International Nederlanden Group (ING), the Dutch financial services group, and Hochtief, one of Germany's largest construction companies.

The sale ends a six-year relationship between Ballast Nedam and BAe, which acquired the Dutch company for £47m in 1987 to support its bid to win up to £30bn of Saudi Arabian defence contracts. The Al Yamamah contracts, which originally envisaged the construction of a new airbase 480km south of Riyadh, have since been scaled down. Plans to sell Ballast Nedam for about £150m to Boskalis, the Dutch dredging company, collapsed before Christmas.

Hoare Govett, which advised BAe on the sale to ING and Hochtief, said the sale price matched the £175m book value of Ballast Nedam, which earned net profits of £18.7m in 1992.

Under the terms of the deal, ING will initially hold a 49.99 per cent stake in Ballast Nedam, with Hochtief acquiring 48 per cent and the Ballast Nedam pension fund 2.01 per cent.

Ballast Nedam said it planned to float its shares on the Amsterdam Stock Exchange early in the new year.

ING intends to sell part of its stake to Internationale Nederlanden Verzekeringen, its insurance division, before the flotation. In addition it will sell a 3 per cent stake to a new trust company owned by Ballast Nedam's management and staff. An irony is that Ballast Nedam's chairman resigned earlier this year when BAe turned down his plan for a flotation.

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\$5,000	\$211	\$70	67%
\$30,000	\$291	\$85	71%
US Securities	\$176	\$88	50%
\$5,000	\$243	\$109	55%
\$20,000	\$267	\$143	61%

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INTERNATIONAL COMPANIES AND FINANCE

Viacom 'locked in tough talks' with bid partners

By Martin Dickson
in New York

Viacom, the US cable television company, is believed to be involved in tough negotiations with partners Nynex and Blockbuster Entertainment over the terms on which they might back an increased Viacom bid for Paramount Communications.

Viacom has until January 7 to raise its bid for Paramount, which is worth around \$9.3bn, to match a \$10bn offer on the table from QVC Network, the television shopping channel.

Blockbuster and Nynex are believed to be seeking better terms from Viacom for a new injection of cash than those they received when they agreed to back its current bid for Paramount.

Nynex, the regional telephone company serving the North-eastern US, provided \$1.2bn of funds and Blockbuster, a video rental business, \$600m. In return they each received a seat on the Viacom board and preferred stock with a 5 per cent dividend, convert-

ible into Viacom non-voting class B shares at \$70 a share.

Viacom's class B shares, which have been depressed by the takeover battle, stood at \$44.40, down 8% at lunchtime yesterday.

Viacom has declined to comment on its bid discussions, but analysts suggested its partners might be seeking improved conversion terms for the preferred stock, as well as a greater say in the running of Viacom-Paramount through additional board seats and some voting stock.

Mr Sumner Redstone, chairman of Viacom, owns more than 80 per cent of the group's voting stock and would be unwilling to give up control of the business.

Analysts suggested that Blockbuster might provide a ready source of funds than Nynex, whose investment in Viacom has provoked criticism from certain New York state legislators, arguing that telephone customers may end up subsidising its foray into the entertainment industry.

Three brokers chosen for Dutch sale abroad

The Dutch government yesterday named a triad of brokers to manage the sale of the Dutch postal and telecommunications monopoly abroad. AP-DJ reports from Amsterdam.

The Dutch transport and finance ministries said the latest step has completed the basic structure needed for the flotation of the state-owned telecom company, Koninklijke PTT Nederland (KPN).

The flotation of the first tranche, likely to be 25-30 per cent of the total share capital, is expected in the first half of next year and is by some analysts estimated to gross around \$1.4bn (\$2.3bn) to \$1.5bn.

Morgan Stanley has been appointed as regional lead manager for the flotation in the US, while S.G. Warburg will act as lead manager in the UK, the government said. CSFB will manage the flotation in the rest of the world, the government added.

The names of other banks to be appointed to the syndicate that will finally carry out the flotation will be announced in March.

At a later, as yet unspecified date, the government will also make known the number of shares available and terms under which US investors can participate in the offering.

The announcement follows the appointment of a trio of Dutch banks in October, led by ABN-Amro, as global co-ordinator and chief manager.

Austrian banks see strong rise in earnings

By Patrick Blum in Vienna

Bank Austria, the country's largest bank, and Erste Österreichische Spar-Casse, one of Austria's leading savings banks, forecast strong rises in earnings for this year.

Both banks plan to strengthen their provisions against bad debts, and while higher earnings are expected next year, they cautioned against excessive optimism.

Bank Austria expects operating profits to rise by about 50 per cent for the whole of 1993 to around \$616m (\$416.6m), in spite of difficult conditions caused by the international recession this year, the bank said.

But Mr Alois Haider, chairman, warned the bank was still facing difficult times ahead and needed to improve earnings further.

Bank Austria was created in November 1981 from a merger of the city of Vienna's Zentral-sparkasse savings bank and Länderbank. It has faced considerable difficulties in rationalising the activities of its two constituent institutions, and is having to make large provisions to cover the costs of the old Zentral-sparkasse's pension obligations.

Pension provisions are expected to be \$1.3bn this year, and provisions against bad debts are expected to be \$4.3bn.

The number of branches will be reduced by 12 and its workforce cut by 260 by the end of the year. The bank plans to shed another 400 employees next year.

The first forecast a rise in partial operating profits from \$585m in 1992 to close to \$1.2bn this year. The bank intends to raise its dividend from 13 per cent last year to 15 per cent. Bad debt provisions would be about \$1.3bn.

"There is no ground for jubilation but we are satisfied," said Mr Konrad Fuchs, general director. The bank's performance should improve further next year, though profits would grow more slowly, he said. The bank plans a capital increase of \$1.0bn-\$1.5bn next year.

Smaller loans that broke Banesto's back

John Gapper and Peter Bruce examine the excessive growth that caused the crisis

With hindsight, the institutions that invested \$775m in Banco Español de Crédito last summer should perhaps have suspected what was to come.

The story of excessive loan growth which finally undid Spain's fourth largest bank was already familiar to those who followed Banesto closely.

Mr Luis Angel Rojo, Banesto's central bank governor, told a parliamentary committee yesterday that Banesto's problems stemmed from an over-aggressive expansion of loans between 1988 and 1991 as Mr Mario Conde, the chairman who was ousted this week, tried to gain market share.

Pointing out that Banesto had expanded its loans by 100 per cent over the three years while loans by other big Spanish banks had only risen by 55 per cent, Mr Rojo dismissed many of the smaller loans which Banesto took on at that time as being "of doubtful value" because of poor credit control.

Mr Rojo participated in the decision to dismiss the Banesto board this week after identifying a potential \$1.5bn (\$1.5bn) overvaluation of its \$1.1bn assets. He blamed mismanagement, overvaluing and an excessive concentration of risk - including loans to companies it partly owned.

Yet with the exception of the charge of mismanagement, most of what Mr Rojo had to disclose was partly foreseen in last year's offer document for a

placing of shares managed by J.P. Morgan. While recommending the purchase of shares, Morgan disclosed several worrying details about Banesto.

J.P. Morgan has been placed in an awkward position by its role as corporate adviser to Banesto, and as an investor through its \$1.1bn Corsair fund. Yet the US bank can at least argue that it gave a frighteningly accurate picture of the potential for difficulties at Banesto last year.

For example, while arguing that Mr Conde had by last year brought Banesto under control, the offer document talks of the bank's credit controls up to 1991 suffering from "inadequate analysis, outdated technology, inefficient collections and a general fragmentation of functions".

Under J.P. Morgan's influence, Banesto had by then curbed the loan growth which followed Mr Conde's appointment as chairman. While the group's loan portfolio rose by 15.3 per cent in 1990 and 15.6 per cent in 1991, this was brought down sharply to 2.7 per cent growth in 1992.

This raised Banesto's total loan portfolio to \$24.2bn by the end of last year from \$21.06bn at the end of 1990. At the same time, Morgan's advice to be more prudent in setting aside sums to cushion the impact of Spain's recession was leading to a sharp rise in loan loss provisions.

Banesto started putting aside



Luis Angel Rojo: pointed to aggressive expansion of loans

large sums to cover potential problems. Provisions of only \$1.5bn in 1990 were increased heavily to \$1.5bn in 1991 and \$1.5bn last year. But the deterioration in loan quality was already starting to become too pronounced even for these provisions.

The share of doubtful and non-performing loans to total loans rose from 2.82 per cent to 6.94 per cent at the end of last year. Despite the provisions top-up, the ratio of loan loss allowances to bad and doubtful loans fell over the same period from 104 per cent to 57.3 per cent.

This meant that Banesto was in effect shipping backwards while running faster. The biggest consolation for potential investors was ironically the recent actions of the Bank of Spain itself, which told Banesto to reclassify \$1.5bn of

loans as non-performing at the end of last year.

Mr Rojo said yesterday the Bank had examined every loan of more than \$100m in its 1992 inspection (although Banesto and J.P. Morgan put the threshold at \$100m). Mr Conde argued strongly that this meant Banesto had in effect been given a clean bill of health for the future.

Yet this ignored an important aspect of Banesto's loan portfolio. It was heavily weighted towards smaller loans which slipped under the Bank of Spain's threshold. Only 28 per cent of the loans of the Spanish bank, excluding Portuguese and other subsidiaries, were above \$100m. As a result, the Bank of Spain inadvertently sent a false signal to investors. By allowing so much weight to be placed on its initial loan inspection, it helped give the impression that the small business and personal loans in which Banesto specialised had been given its seal of approval.

As it turns out, this was disastrously inaccurate. Mr Pedro Solbes, the finance minister, told the finance committee yesterday that as the Bank of Spain's inspectors this year examined the smaller loans which had been the backbone of the 1988 to 1991 growth, they became extremely worried.

"The inspectors realised that the deterioration in Banesto's balance sheet was far worse than had been expected and

that it needed an urgent rescue plan," he said.

Mr Rojo said that 47 per cent of the bank's loan book could have been classed as bad or doubtful at the end of last year.

The remaining uncertainty is how the \$1.5bn shortfall is going to be solved. Before the Bank of Spain's announcement, Banesto was predicting it would only break even in 1993, implying a \$1.5bn retained loss if the whole revaluation was passed through the profit and loss account.

Such a move would mean that the group's \$2.8bn in equity capital, including the \$775m which was raised last year. Yet both the governor and the finance minister emphasised yesterday they expected the bank's share capital to take only part of the strain in a restructuring.

There would be an attempt to work out the loan portfolio, which could gain value if Spain emerges from recession. The bank could also sell assets from La Corporación, the industrial holding company 85 per cent owned by Banesto, which have an estimated liquidation value of \$1.2bn.

"The bank has clear possibilities of coming out ahead," said Mr Rojo with what appeared an unlikely degree of optimism yesterday. Contemplating their holdings of shares suspended at the \$1.90 offer price, Banesto's investors may wish that they had read the runes more carefully.

Genentech expects drug to boost 1994 earnings

Genentech, the US biotechnology company, expects Pulmozyme, which the Food and Drug Administration earlier yesterday approved as a treatment for cystic fibrosis, to make a material contribution to the company's full-year 1994 earnings, Reuters reports from Los Angeles.

"I don't think it will be particularly material in the first quarter, but in the 1994 full year it will be," said Mr Kirk Raab, chairman.

Genentech, which is 60 per cent owned by Roche of Swit-

zerland, said it expected to begin shipping the drug to distributors in the US in mid-January. Genentech said it had not yet determined pricing. About 30,000 Americans suffer from cystic fibrosis, Mr Raab said he expected Pulmozyme, an inhalant which is taken daily by patients, to have deep penetration among most cystic fibrosis sufferers. Pulmozyme is not indicated for children under five, because no clinical trials have yet been conducted on that group.

NEWS DIGEST

P&G agrees Argentine acquisition

Procter & Gamble, the US consumer products group, said yesterday it had reached an agreement to buy Compañía Química, an Argentine manufacturer of liquid dish-washing detergents, writes Patrick Harverson in New York.

The terms of the deal were not disclosed by Procter or Bunge y Born SA, Química's Buenos Aires-based parent company. Procter said the

acquisition of Química, which sells a variety of consumer products in Argentina, including the country's top two dish-washing detergents, was part of a strategy to expand into Latin America through the purchase of established brands.

The US group began operations in Argentina in 1991, and currently sells a range of locally-produced and imported consumer goods.

Electrolux, the Swedish white goods maker, is to exercise an option for a further 10 per cent stake in AEG Hausgeräte, bringing its total share to 20 per cent, Reuters reports from Stockholm. AEG Hausgeräte is the domes-

tic goods unit of AEG. Electrolux said it had been offered the chance to buy all shares in AEG Hausgeräte by AEG on December 8. "Negotiations over a final agreement on the basis of AEG's offer are continuing," Electrolux said.

"Pending the outcome of these negotiations, Electrolux has decided to exercise its option, which means that Electrolux will from the new year own 20 per cent of the shares in AEG Hausgeräte," it said.

Rothmans Industries has requested that its shares be suspended from trading on the stock exchange of Singapore from today, pending a company announcement.

AMSTERDAM TREASURY BOND MARKET

The Amsterdam Treasury Bond Market (ATM) is the newly incorporated interprofessional market in Dutch Government Bonds and in the futures contracts issued for them in the Amsterdam Financial Futures Market (FTA).

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ATM, THE LIQUID MARKET FOR DUTCH TREASURY BONDS

Britannia Building Society
(Incorporated in England)
under the Building Societies Act 1986
up to £25,000,000
Subordinated Floating Rate Notes Due 2006
For the six month interest period 29th December, 1993 to 29th June, 1994, the Notes will carry an interest rate of 6.4575 per cent, per annum, with a Coupon Amount of £1,017.41 per £100,000 Note and £16,174.32 per £500,000, payable on 29th June, 1994.
Listed on the London Stock Exchange.
Bankers Trust Company, London Agent Bank

Landeshank Rheinland-Pfalz
Girozentrale
U.S. \$100,000,000
Subordinated Floating Rate Notes Due 2005
For the Interest Period from and including 29th December, 1993 to but excluding 29th June, 1994 (181 days), the Notes will carry a Rate of Interest of 5% per annum. The Coupon Amount per U.S. \$1,000 Note will be U.S. \$25.28, per U.S. \$10,000 Note will be U.S. \$252.78, and per U.S. \$100,000 Note will be U.S. \$2,527.78, payable on 29th June, 1994.
Listed on the Luxembourg Stock Exchange.
Bankers Trust Company, London Agent Bank

CITICORP
U.S. \$350,000,000
Subordinated Floating Rate Notes Due November 27, 2005
Notice is hereby given that the Rate of Interest has been fixed at 5% in respect of the Original Notes and 5.0875% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date January 31, 1994 against Coupon No. 98 in respect of US\$10,000 nominal of the Notes will be US\$43.06 in respect of the Original Notes and US\$43.81 in respect of the Enhancement Notes.
U.S. \$500,000,000
Subordinated Floating Rate Notes Due October 26, 2006
Notice is hereby given that the Rate of Interest has been fixed at 5% in respect of the Original Notes and 5.0875% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date January 31, 1994 against Coupon No. 99 in respect of US\$10,000 nominal of the Notes will be US\$43.06.
U.S. \$500,000,000
Subordinated Floating Rate Notes Due January 30, 1998
Notice is hereby given that the Rate of Interest has been fixed at 5% in respect of the Original Notes and 5.0875% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date January 31, 1994 against Coupon No. 96 in respect of US\$10,000 nominal of the Notes will be US\$43.06.
December 31, 1993, London
By: Citicorp, N.A. (Issuer Services), Agent Bank **CITIBANK**

Nationwide
£150,000,000
Floating Rate Notes 1996
(formerly under Building Societies Act 1986)
In accordance with the provisions of the Notes, interest is hereby given that the rate of interest for the three month period 29th December, 1993 to 29th March, 1994 has been fixed at 5.45% per cent, per annum, with a Coupon Amount of £1,017.41 per £100,000 Note and £16,174.32 per £500,000, payable on 29th March, 1994, at £1,017.41 per coupon from Notes of £100,000 nominal and £16,174.32 per coupon from Notes of £500,000 nominal.
Listed on the London Stock Exchange.
Bankers Trust Company, London Agent Bank

USD 200,000,000 BANESTO FINANCE LIMITED
Subordinated Floating Rate Notes due 1994
Interest Rate 4.0125% p.a.
Interest Period December 30, 1993 to March 31, 1994
Interest Amount due on March 31, 1994 per USD 1,000,000 USD 10,142.71
Listed on the Luxembourg Stock Exchange.
Bankers Trust Company, London Agent Bank

RPS
Residential Property Securities No. 3 PLC
£95,000,000 £150,000,000 £5,000,000
Class A1 Notes Class A2 Notes Class B Notes
Mortgage Backed Floating Rate Notes due 2025
In accordance with the provisions of the Notes, notice is hereby given that for the three month period December 29, 1993 to March 29, 1994, the Class A1 Notes, Class A2 Notes and Class B Notes will carry an interest rate of 5.735%, 5.395% and 6.625% per annum respectively. The interest payable per £100,000 Note will be £1,258.61 for the Class A1 Notes, £1,179.59 for the Class A2 Notes and £1,631.56 for the Class B Notes.
Listed on the London Stock Exchange.
NATWEST CAPITAL MARKETS
NatWest Bank

MACQUARIE BANK LIMITED
US\$125,000,000
MULTI-OPTION FACILITY
AGREEMENT
DATED DECEMBER 11, 1993
In accordance with the provisions of the Transferable Lease Option Facility Agreement, notice is hereby given that for the six month interest period from December 31, 1993 to June 30, 1994, the Certificate will carry an interest rate of 6.00025% per annum.
Listed on the London Stock Exchange.
Bankers Trust Company, London Agent Bank

FLEMING FLAGSHIP FUND
Société d'Investissement à Capital Variable
45, rue des Solides, L-2529
Hersfeld, Grand-Duché de Luxembourg
R.C. Luxembourg 85478
NOTICE TO SHAREHOLDERS
Notice is hereby given that the following dividend will be paid
FFV Floating Rate Bond Fund
A dividend of £0.041 per share will be paid on 10 January 1994 to shareholders of record as at 31 December 1993. The shares will be quoted ex-dividend as from 4 January 1994.

NOTICE TO THE WARRANTHOLDERS OF SENKO CO., LTD.
(the "Company")
USD 100,000,000, 4 5/8 per cent.
Guaranteed Bonds 1995 with Warrants
(the "Warrants")
"Adjustment of Subscription Price"
Notice is hereby given, pursuant to Clause 11 of the Terms and Conditions of the Warrants, that as a result of the issuance by the Company of SF 130,000,000 Guaranteed Bonds due 1997 with Warrants at the initial exercise price of Yen 677 per share on 23rd December, 1993 pursuant to the resolutions of the Board of Directors of the Company held on 25th November, 1993 and 1st December, 1993, and the consideration per share receivable by the share, the Company has adjusted the Subscription Price of the captioned Warrants as follows:
1) Subscription Price before adjustment: YEN 805
2) Subscription Price after adjustment: YEN 789.50
3) Effective Date: 24th December, 1993 (Japan Time)
31st December, 1993
SENKO CO., LTD.
7-18, Shibuya 2-chome
Kita-ku, OSAKA

TSB
TSB GROUP PLC
(Incorporated in Scotland with limited liability, registered number 55060)
£100,000,000 Perpetual Floating Rate Notes
Notice is hereby given that the Rate of Interest has been fixed at 5.93% and that the interest payable on the relevant Interest Payment Date March 31, 1994 against Coupon No. 16 in respect of £10,000 nominal amount of Notes will be £146.71.
December 31, 1993, London
By: Citicorp, N.A. (Issuer Services), Agent Bank **CITIBANK**

Two local authorities plan to tap sterling sector

By Sara Webb

Two UK local authorities are planning to tap the sterling bond market in January, marking the first appearance by such borrowers in the domestic bond market in over a decade. The local authorities of Leicester and Salford hope to raise between \$50m and \$100m each from UK institutional and wealthy retail investors next month, provided market conditions are suitable.

Both local authorities are expected to issue 25-year bonds, tapping the long end of the sterling bond market and taking advantage of low interest rates.

US has won the mandate

for both issues, which will be set up with a trustee arrangement to look after the interests of investors.

The issues would be partly paid. Although pricing the deals may prove difficult, given the absence of similar issues to set a market standard, they are expected to have identical terms and conditions. Neither Leicester nor Salford has a credit rating.

Until recently, there were uncertainties about the ability of the local authorities to issue bonds. However, the Department of the Environment and the Treasury clarified the situation with the issue of a general consent on December 15. This permits such

issues to take place.

Local authorities are not allowed to issue Eurobonds at present, and can only issue securities to UK investors, not foreigners. However, the Department of the Environment, the Treasury, and the local authorities are considering a review of the situation.

In recent years, the local authorities have obtained funding from the Public Works Loan Board, the government agency. However, they have a tarnished reputation with the banks, which were left facing losses of more than \$50m when the House of Lords ruled that local authorities were not empowered to enter into swap agreements.

European futures trade comes of age

Non-US exchanges took the lead in a record year, write Laurie Morse and Tracy Corrigan

In a record year for futures business, the market share of the US exchanges relative to the rest of the world dwindled, as it has every year for the past decade. For the first time, the combined volume of the 47 futures exchanges outside the US exceeded that of the 15 US exchanges.

The continued shift was apparent despite historically high turnover for the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME), which together traded well over 800m contracts. This preserved their places as the top derivatives exchanges in the world.

In part, the trend reflects cyclical developments within the industry. Many European exchanges have been operating for less than 10 years, and are still at a stage of rapid growth, fuelled by successful new product launches. The US market, on the other hand, is more mature, and relies on organic growth.

The faster growth of non-US markets was also driven by historically low US interest rates, which encouraged US fund managers to diversify into overseas markets. They used futures to hedge their underlying investments - or, in some cases, took positions using futures, which are more liquid than some cash markets.

"The domestic user base in the US is getting more mature, and we are benefiting from the fact that they are looking to manage risk overseas," says Mr Daniel Hodson, chief executive of the London International Financial Futures & Options Exchange (LIFFE). At the same time, the European base continues to expand, while Asia remains a largely untapped source of business, he adds.

Industry experts say that to remain competitive with newer

rivals, US exchanges will have to consolidate, cut costs, and co-operate more. Attempts in this direction failed more often than they succeeded in 1993, but US markets prospered regardless, on a surge of global interest rate restructuring.

Institutional participation was most marked at the CME, where overall volume was up a modest 9 per cent at the end of November, but where open interest, a gauge of how many positions are held for long-term hedges, ballooned to 5.6m, nearly double that of its closest competitor, LIFFE.

The CME's Eurodollar futures, used extensively for hedging interest rate swaps, saw year-to-date turnover surge to 60m contracts at the end of November. The CME has been quietly extending delivery periods for the instruments to accommodate over-the-counter traders, so that it is now possible to hedge a three-month Eurodollar commitment for delivery 10 years into the future.

Institutional interest in the CME has driven up membership prices to a record \$50,000, approaching the value of New York Stock Exchange seat, and widening the gap with the Chicago Board of Trade, where a seat recently traded at \$495,000. Mr Jack Sandner, the CME's chairman, is effusive about the exchange's growth. "All this at a time of low US interest rate volatility," he says. "If interest rates start to rise, the roof is going to blow off this place."

An 18 per cent volume gain this year by the Chicago Board of Trade came on the heels of a redistribution of US Treasury debt and flood-related crop disasters. The CBOT had a once-in-a-decade boom in both financial and agricultural products, with the most explosive growth occurring in its five- and

10-year Treasury note contracts and its soybean futures. However, the CBO's remarkable double-digit growth was nearly overshadowed by internal management squabbles, renewed rivalry with the CME, and quarrels with Reuters over the future of Globex, the electronic futures trading system.

While the CME opened a new trading floor this year to accommodate growth, the CBOT is still struggling to replace its antiquated financial futures trading room, a symptom, some traders say, of the exchange's inability to plan for the future.

The New York Mercantile

collapse of the system has encouraged more active hedging, in both the over-the-counter and exchange-traded markets, with OTC trades frequently offset by futures transactions.

The exception to the rule was Switzerland's SOFFEX, which traded 6.1m contracts, compared with 8.6m for the same period last year.

LIFFE's impressive performance, widening the gap with France's Matif, was based on its ability to offer a broad range of European products. The exchange managed to stave off competition from Germany's Deutsche Terminbörse (DTB) and Italy's Mif on its

between France's Matif and the DTB also posed a threat to LIFFE's dominance. While both the DTB and the Matif say they do not plan to merge, the creation of a shared network for trading French and German products - probably the most important European markets - would be likely to attract at least some business away from LIFFE. If the exchanges were to merge, their combined volume is already larger than LIFFE's.

This may increase pressure on LIFFE to join Globex, the troubled electronic futures trading system developed by Reuters, the CME and the CBOT. So far, volume on the system has been disappointing, and disputes over the running of Globex have discouraged other exchanges (apart from the Matif, which signed up at an early stage of development) from joining. However, the agreement between the three backers of the system is due to be renegotiated in April. Changes to the management of the system - currently run by the two Chicago exchanges - are widely expected, possibly making way for new entrants.

While continued growth in futures trading is predicted, it may be difficult for European exchanges, as well as US exchanges, to maintain annual growth of between 30 and 40 per cent. Most liquid bond and stock markets have already spawned successful futures contracts, prompting exchanges to look at more esoteric areas, such as insurance, which are unlikely to generate such heavy volume.

Instead, industry specialists predict greater co-operation in marketing to new users. The potential user base of European fund managers has yet to be fully tapped, and traders report growing interest from Asia.

Data surprise rouses Treasuries

By Frank McCorty in New York and Sara Webb in London

The US Treasury market was shaken out of its holiday slumber yesterday morning by two stronger-than-expected readings on the economy.

By midday, the benchmark 30-year government bond was down 1½ to 96½, with the yield rising to 6.317 per cent. At the short end, the two-year note was off ¼ to 100½, to yield 4.217 per cent.

Dealers stressed the downward trend was not indicative of any fundamental shift in sentiment, since the day's economic news merely reinforced a well-established view of the economy's fourth-quarter performance. The extent of the price erosion was more a reflection of the thin level of trading.

Nevertheless, after two days of shuffling off unfavourable news, the market reacted sharply to the Commerce

Department's news on new-home sales. These had surged in November to their highest annual level in more than seven years.

The Labor Department,

GOVERNMENT BONDS

meanwhile, said claims for unemployment benefit had fallen sharply last week, confounding expectations of no change.

The index-linked sector provided the main focus of attention in the UK government bond market yesterday, as the Bank of England announced a further 5750m of index-linked stock available for sale today.

The four types are: £150m of 2½ per cent index-linked treasury stock due 2001; £250m of 4½ per cent index-linked treasury stock due 2004; £150m of 2½ per cent index-linked trea-

sury stock due 2013; and £200m of 4½ per cent index-linked treasury stock due 2030.

The sector was firm early in the day, gaining about ½ of a point. "There's good demand for index-linked at the moment because of continued optimism that real rates will fall further," said one gilt market specialist.

French government bond futures climbed to new highs, buoyed by a firm franc and expectations of an easing in interest rates early in the new year.

The March 10-year bond futures contract broke through the 131.00 level to reach a high of 131.04, but ended the day at 130.94, up 0.12 in quite thin trade.

The announcement yesterday of poor unemployment figures had little impact on the market, dealers said. The jobless rate was unchanged at 12 per cent.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia	10.000	10/02	122.250	-0.100	6.62	6.64	6.74
Belgium	9.000	03/03	118.000	-0.020	6.38	6.58	6.80
Canada	7.500	12/08	108.600	-0.150	6.69	6.74	6.85
Denmark	8.000	03/03	115.000	-0.150	6.12	6.29	6.38
France	5.000	05/08	110.150	-0.310	4.98	6.05	6.07
Germany	6.750	10/03	108.270	-0.040	5.83	5.77	6.01
Italy	8.000	09/03	105.200	-0.250	6.65	6.65	6.65
Japan	5.000	10/03	101.000	-1.650	6.72	6.70	6.31
UK	4.800	05/08	111.770	-0.210	2.37	2.50	2.78
Netherlands	4.500	08/03	110.720	-0.070	6.04	6.18	6.45
Spain	6.500	10/03	107.000	-0.100	6.21	6.29	6.38
US	10.500	10/03	115.000	-0.100	6.10	6.61	6.61
US Gilt	9.750	01/08	114.422	-0.120	5.90	5.94	6.07
US Treasury	8.000	08/03	114.110	-0.110	6.08	6.11	6.28
ECU (French Govt)	4.000	10/03	124.110	-0.220	6.41	6.47	6.56
ECU (French Govt)	5.750	08/03	98.280	-19.820	6.76	5.80	5.71
ECU (French Govt)	8.250	08/03	98.280	-37.730	6.33	6.28	6.20
ECU (French Govt)	8.000	04/08	114.100	-0.390	6.57	6.07	6.28

Source: Reuters. Local market estimates. US dollar annual yield (excluding withholding tax at 15.6 per cent payable by nonresidents). Prices US \$100 in US, others in local currency.

BOND FUTURES AND OPTIONS

France

NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	130.85	130.94	+0.12	131.04	130.80	44,807	130,429
Jun	130.30	130.38	+0.12	130.40	130.30	428	6,131
Sep	129.52	129.60	+0.12	129.62	129.52	2	2

LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike	Jan	Feb	Mar	Apr	May	Jun
127	-	-	-	-	-	-
128	-	-	-	-	-	-
129	-	-	-	-	-	-
130	-	-	-	-	-	-
131	-	-	-	-	-	-
132	-	-	-	-	-	-

Est. vol. total, Call 10,343 Puts 8,725. Previous day's open Int., Call 217,689 Puts 225,804.

Germany

NOTIONAL GERMAN BOND FUTURES (LIFFE) DM250,000 100ths of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	101.27	101.28	0.03	101.26	101.17	24,104	128,233
Jun	101.25	101.21	-0.02	101.25	101.22	6	1174

BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike	Jan	Feb	Mar	Apr	May	Jun
10100	-	-	-	-	-	-
10120	-	-	-	-	-	-
10140	-	-	-	-	-	-
10160	-	-	-	-	-	-
10180	-	-	-	-	-	-
10200	-	-	-	-	-	-

Est. vol. total, Call 8,091 Puts 8,725. Previous day's open Int., Call 17,010 Puts 10,055.

NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOERLIFFE) DM250,000 100ths of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	103.63	103.59	-0.03	103.63	103.58	251	10,070

UK GILTS PRICES

Shorter (Live up to 10 years)

	Yield	Price	Yield	Price	Yield	Price
14 Dec 1993	14.27	101.18	14.27	101.18	14.27	101.18
14 Dec 1994	13.10	102.10	13.10	102.10	13.10	102.10
14 Dec 1995	12.10	103.10	12.10	103.10	12.10	103.10
14 Dec 1996	11.10	104.10	11.10	104.10	11.10	104.10
14 Dec 1997	10.10	105.10	10.10	105.10	10.10	105.10
14 Dec 1998	9.10	106.10	9.10	106.10	9.10	106.10
14 Dec 1999	8.10	107.10	8.10	107.10	8.10	107.10
14 Dec 2000	7.10	108.10	7.10	108.10	7.10	108.10
14 Dec 2001	6.10	109.10	6.10	109.10	6.10	109.10
14 Dec 2002	5.10	110.10	5.10	110.10	5.10	110.10
14 Dec 2003	4.10	111.10	4.10	111.10	4.10	111.10
14 Dec 2004	3.10	112.10	3.10	112.10	3.10	112.10
14 Dec 2005	2.10	113.10	2.10	113.10	2.10	113.10
14 Dec 2006	1.10	114.10	1.10	114.10	1.10	114.10
14 Dec 2007	0.10	115.10	0.10	115.10	0.10	115.10

Longer (Live up to 10 years)

	Yield	Price	Yield	Price	Yield	Price
14 Dec 1993	14.27	101.18	14.27	101.18	14.27	101.18
14 Dec 1994	13.10	102.10	13.10	102.10	13.10	102.10
14 Dec 1995	12.10	103.10	12.10	103.10	12.10	103.10
14 Dec 1996	11.10	104.10	11.10	104.10	11.10	104.10
14 Dec 1997	10.10	105.10	10.10	105.10	10.10	105.10
14 Dec 1998	9.10	106.10	9.10	106.10	9.10	106.10
14 Dec 1999	8.10	107.10	8.10	107.10	8.10	107.10
14 Dec 2000	7.10	108.10	7.10	108.10	7.10	108.10
14 Dec 2001	6.10	109.10	6.10	109.10	6.10	109.10
14 Dec 2002	5.10	110.10	5.10	110.10	5.10	110.10
14 Dec 2003	4.10	111.10	4.10	111.10	4.10	111.10
14 Dec 2004	3.10	112.10	3.10	112.10	3.10	112.10
14 Dec 2005	2.10	113.10	2.10	113.10	2.10	113.10
14 Dec 2006	1.10	114.10	1.10	114.10	1.10	114.10
14 Dec 2007	0.10	115.10	0.10	115.10	0.10	115.10

Source: Reuters. Local market estimates. US dollar annual yield (excluding withholding tax at 15.6 per cent payable by nonresidents). Prices US \$100 in US, others in local currency.

* Top stock, 22. Tax-free to non-residents on application. E Auction basis, at 100 dividend. Cheapest mid-price are shown in pounds.

Italy

NOTIONAL ITALIAN GOVT. BOND (BTF) FUTURES (LIFFE) Lira 200m 100ths of 100%

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	118.50	118.48	-0.02	118.52	118.30	6788	79,519
Jun	118.30	118.38	-0.04	118.38	118.30	0	185

ITALIAN GOVT. BOND (BTF) FUTURES OPTIONS (LIFFE) Lira 200m 100ths of 100%

Strike	Jan	Feb	Mar	Apr	May	Jun
11800	-	-	-	-	-	-
11820	-	-	-	-	-	-
11840	-	-	-	-	-	-
11860	-	-	-	-	-	-
11880	-	-	-	-	-	-
11900	-	-	-	-	-	-

Est. vol. total, Call 305 Puts 265. Previous day's open Int., Call 3885 Puts 3786.

Spain

NOTIONAL SPANISH BOND FUTURES (MEX)

	Open	Settle	Change	High	Low	Est. vol.	Open Int.
Mar	105.17	105.27	+0.10	105.28	105.10	10,040	78,777
Jun	104.80	104.75	-0.05	104.80	104.80	252	7,222

UK

NOTIONAL UK GILT FUTURES (LIFFE) £50,000 32nds of 100%

UK							
■ NOTIONAL UK GILT FUTURES (LIVER)							
	Open	Settle	Change	High	Low	Est. vol.	Open Int.

Kleinwort tops takeover table

By Tim Burt

The value of mergers and acquisitions among public companies declined by 50 per cent over the past 12 months according to industry estimates published yesterday.

Figures compiled by Acquisitions Monthly, the financial magazine, put the value of successful bids for UK public companies at £3.6bn in 1993, compared with £7.5bn last year.

The decline - part of a downward trend which has continued since 1989 when activity peaked at £5.6bn - has led to a shake-up in the magazine's annual league table of financial advisers and depressed the fees received by merchant banks.

SG Warburg, which last year topped the table as advisers on successful and failed bids worth £7.65bn, has slipped from first to 12th place. In 1993 it took part in seven deals totalling just £138m.

Kleinwort Benson emerged as the new league leader, although the combined £1.33bn value of its eight deals represented a decline of 82 per cent on Warburg's 1992 total.

Industry analysts said yesterday that changes in the

rankings had been exaggerated by the paucity of large public bids. There were only two deals worth more than £500m compared with five such bids in 1992.

Kleinwort's ascendancy, up from 10th place last year, was boosted by its advisory role with Central Television, the target of an agreed £750m bid from Carlton.

The other large bid was Granada's hostile £660m hostile offer for LWT, which is unlikely to be resolved before February next year. Granada is being advised by Lazard, which finished sixth in the 1993 table with seven deals worth £400m.

Acquisitions Monthly said the TV bids were due to the government's relaxation of ownership rules rather than an abrupt change of sentiment in the takeover market.

"Fees earned by the City's merchant bankers, accountants and solicitors from mergers and acquisitions work fell to £100m from £110m in 1992," the magazine added.

Some of the banks featured in the table criticised it for focusing on public sector activity and not taking account of private buy-outs and divestments.

Financial advisers on UK public takeovers 1993

Adviser	Value Deals £m	No.
1 Kleinwort Benson (10)	1,331	8
2 Schroders (2)	719	9
3 Baring Brothers (3)	645	7
4 ERM (8)	436	7
5 Morgan Grenfell (4)	408	7
6 Lazard (7)	385	4
7 Samuel Montagu (5)	339	4
8 Robert Fleming (12)	251	4
9 County NatWest (18)	247	2
10 Wasserstein Per. (4)	188	5
11 NM Rothschild (5)	138	7
12 SG Warburg (1)	138	7

Ranked by value of transactions advised during 1993 ending December 31. Source: Acquisitions Monthly

SG Warburg, which is expected to emerge as the league leader among advisers on private activity, said it had been involved in private deals worth £3.2bn.

The relatively stable private sector business helped offset the slowdown in public activity, although Acquisitions Monthly said the total value of all deals - public and private - was down 13.3 per cent to £17.2bn (£19.5bn).

A senior executive at Warburg said merchant banks had

reacted by putting more resources into restructuring, rights issues and flotations.

"We've seen more issues to rebuild balance sheets and divestments to slim down companies. Mergers and acquisitions should pick up next year as the cycle continues."

Warburg's view was echoed at NM Rothschild, which slipped from fifth to 11th place in the league table.

Mr Russell Edey, the bank's head of corporate finance, said: "I'm disappointed with our placing but we've made money doing other things, particularly cross-border activity and overseas disposals."

The importance of the M&A figures was also played down by Lord Ricketts, chairman of Kleinwort Benson. "Corporate finance has grown at the expense of mergers and acquisitions this year. There's been more rationalisation of businesses and fewer takeover opportunities," he said.

Lord Ricketts predicted that in 1994 the buoyant stock market would lead to a pick-up in M&A activity, although it was unlikely to return to the heights of the late 1990s.

Eurotunnel shares up on concession extension

By David Blackwell

Shares in Eurotunnel rose sharply yesterday following news that the group had won an extra 10 years on its concession to operate the Channel tunnel.

The shares closed at 887p, up 34p.

Dealers said that the market had been boosted mainly by French buying interest. More than 60 per cent of the shares are held in France.

In return for the extended concession, Eurotunnel has dropped most of its claims of between £200m and £1bn against the British and French governments for extra costs that arose through safety, security and environmental measures. The total cost of the tunnel is expected to be about £1.0bn, compared with £55m in 1987.

Eurotunnel's concession will now last for 65 years, taking it through to 2052.

Mr Graham Corbett, finance director, said yesterday that the deal would not accelerate progress towards the planned rights issue in the spring, but would facilitate it. The earliest a rights issue could be made would be March.

Eurotunnel has to reach agreement with its banks by next Tuesday on a refinancing plan for a further £1bn, of which at least £500m should come from the rights issue.

It needs the money, in addition to the £8.95bn already raised, before it can start operations.

Analysts suggested yesterday that the share price increase was driven purely by sentiment over the extension of the concession. But they agreed that the deal would ease the group's negotiations with its bankers.

Mr Corbett said that in the past six months the group had resolved several difficult issues, including disputes with Transmanche Link, the main contractor, and Bombardier, the Canadian supplier of trains for the tunnel shuttle service.

"We are gradually knocking them down like skittles," he said.

BG Technology poised for cable TV move

By Peggy Hollinger

City dealers like Johnson and Stephen Hargrave are about to invade the world of cable television, with a \$15m deal expected to be announced in the next two weeks.

Shares in BG Technology, the investment trust, were suspended yesterday at 51p, pending announcement of the deal.

The shares have risen sharply from 15p in recent weeks, after Mr Johnson and Mr Hargrave were appointed to the board in November to seek an acquisition.

BG Technology is understood to be in advanced talks with a provider of services and supplies to the cable television industry about a reverse takeover. The target company is thought to be an installation and contracting firm based in the south-east.

The deal is likely to involve substantial rights issues and an institutional placing at a significant discount to last

night's share price to raise more than £5m. The group, which will change its name as part of the deal, will be capitalised at about £15m.

Mr Johnson, a former analyst with Kleinwort Benson, is known in the City for two achievements: writing the book *How to Get a Highly Paid Job in the City*, just two weeks before the 1987 stock market crash, and orchestrating several reverse takeovers since he went solo in 1987.

While some enterprises have been less successful than others, Mr Johnson appears to have had a run of good luck in 1993. Most recently, he and Mr Hargrave, a former financial journalist, helped to bring

Crabtree, a printing machine maker, to the market through a £20.4m reverse takeover of the quoted shell Somerset Trust. The shares, which were 178p at the time of the deal, closed yesterday at 271p.

Mr Johnson was also behind the acquisition of Pizza Express by Star Computers,

currently trading at 113p against a price of 43p at the time of the deal.

Mr Johnson and Mr Hargrave will be investing between £375,000 and £500,000 for a 41 per cent stake in BG Technology upon completion of the deal. However, the stake is likely to be substantially reduced through the rights issue and placing.

Management of the new company will retain roughly one third of the equity. Mr Johnson is likely to remain on the board as an executive director.

The shares are expected to resume trading in February after an extraordinary meeting to approve the deal.

BG Technology has been seeking to wind itself up for some three years after a mixed track record in investing in high-technology private companies. Some 85p has been returned to shareholders through a steady liquidation of assets. The group retains three shareholdings and has a net asset per share value of 7.3p.

SP and Avon break equity link

SP Tyres, the Birmingham based manufacturer of Dunlop tyres, and Avon Tyres, part of Avon Rubber, are breaking their equity links of four years standing, writes Paul Chessier.

SP is selling back to Avon Rubber its 20 per cent stake in Avon Tyres, while Avon Rubber is selling back to SP its 30 per cent holding in Motorway Tyres and Accessories, a tyre distribution company which was 70 per cent owned by SP.

The transfers result in a £4.5m profit for SP.

Rescue package agreed as Ossory cuts loss to £40.2m

By Catherine Milton

Ossory Estates, the property group, yesterday announced a reduction in pre-tax losses from £46.1m to £40.2m in the year to June 30, after lower write-downs against its property portfolio.

A forecast earlier this month predicted that pre-tax losses would not exceed £41m. This coincided with proposals for a rescue package, approved by shareholders this week, which involves a financial restructuring, including a placing and open offer to raise £5.5m cash net of expenses, as well as some acquisitions.

Following the reconstruction and new bank

ing proposals pro forma net assets are £11m compared with £22.5m in liabilities last time.

Last year's accounts had been qualified following the breach of banking covenants.

The reorganised board is to rename the company Orb.

Turnover rose to £13.1m (£12.9m), including a £2.7m (£3.0m) contribution from discontinued operations.

Ossory wrote off £22.1m (£22.7m) against its investment properties while interest costs were £14.6m (£8.7m), including £5.2m relating to loan agreement settlement costs.

Losses per share were 43.95p (£3.15p).

EIS makes £11.2m purchases from Booker


EIS Group, the specialist engineer, has acquired Plenty and Oil Plus, both based in Newbury, Berkshire, and Plenty Products of Houston, Texas. It is also acquiring the subsidiary, Plenty Unilip of

Sydney, Australia, and an associate company in India.

The vendor is Booker, the food group, and total consideration is £11.2m cash subject to adjustment based on the companies' net assets.

Plenty is a specialist engineering business which designs and makes fluid handling and other process equipment. Oil Plus is involved in oilfield consultancy and design activities.

For the 53 weeks to January 1 1994 the businesses are expected to achieve pre-tax profits of £1.7m compared with £2.4m on flat sales of £39m. Net assets are expected to fall from £10.5m to £3.2m.



Credito Italiano

Joint-stock company - formerly Bank of National Interest

Registered Office: GENOVA Via Dante 1

Head Office: MILAN Piazza Cordusio

Registered with the Genoa Courts (no. 22 of the Companies Register)

Parent Bank of the Credito Italiano Banking Group, Register of Banking Groups: code 2008.1

Capital Lit. 800,000,000,000, Reserve Lit. 370,000,000,000

ANNOUNCEMENT

Holders of savings shares are informed that a resolution of the Extraordinary Meeting of Ordinary Shareholders held on November 20, 1993 gave holders of Credito Italiano savings shares the right to convert such shares into Credito Italiano ordinary shares, at the following conditions:

- conversion period: From January 17 to February 11, 1994;
- conversion procedure: one ordinary share with nominal value of 500 lire for each savings share of like nominal value;
- yield on such ordinary shares: from January 1, 1993;
- balance to be paid to the company is 160 lire per savings share presented for conversion;
- appointed institutions: Credito Italiano and Monte Titoli Spa.

Attention is drawn to the fact that, after January 17, 1994, savings shares will be quoted without the right to convert; such shares may therefore no longer be converted into ordinary shares.

The ordinary shares issued via conversion of the 50,435,000 savings shares reserved in the public offering for the present or retired staff of Credito Italiano and its subsidiaries contained in the consolidated financial statements may not be transferred until June 22, 1995.

The Top Opportunities Section

For senior management positions

For advertising information call:

Clare Peasnell
071 873 4027

Elizabeth Arthur
071 873 3694

BBV BANCO BILBAO VIZCAYA

THIRD QUARTERLY DIVIDEND 1993

The Board of Directors of Banco Bilbao Vizcaya S.A. has approved the payment of the third quarterly dividend for the Financial Year 1993 on all shares issued, numbered 1 to 231,000,000 as follows:

Gross Dividend	Tax	Net Dividend
38 ptas	9.50 ptas	28.50 ptas

Date of payment: on or after 10th January 1994

Payment: As the Bank shares are represented by entries in the official register maintained by the Servicio de Compensación y Liquidación, S.A. (the "SCL"), the payment of the dividend will take place through the members of the SCL.

AMERICAN EXPRESS BANK

U.S. \$100,000,000

Floating Rate Subordinated Capital Notes Due 1997

Notice is hereby given that the Rate of Interest has been fixed at 3.5% and that the interest payable in respect of U.S. \$10,000 principal amount of Notes for the period December 31, 1993 to March 31, 1994 will be US \$87.50.

December 31, 1993, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

Prices for electricity generated by the power stations owned by the company, as published in the London Electricity List, are as follows:

Year	Price	Year	Price
1993	16.17	1994	16.17
1994	16.17	1995	16.17
1995	16.17	1996	16.17
1996	16.17	1997	16.17
1997	16.17	1998	16.17
1998	16.17	1999	16.17
1999	16.17	2000	16.17
2000	16.17	2001	16.17
2001	16.17	2002	16.17
2002	16.17	2003	16.17
2003	16.17	2004	16.17
2004	16.17	2005	16.17
2005	16.17	2006	16.17
2006	16.17	2007	16.17
2007	16.17	2008	16.17
2008	16.17	2009	16.17
2009	16.17	2010	16.17
2010	16.17	2011	16.17
2011	16.17	2012	16.17
2012	16.17	2013	16.17
2013	16.17	2014	16.17
2014	16.17	2015	16.17
2015	16.17	2016	16.17
2016	16.17	2017	16.17
2017	16.17	2018	16.17
2018	16.17	2019	16.17
2019	16.17	2020	16.17
2020	16.17	2021	16.17
2021	16.17	2022	16.17
2022	16.17	2023	16.17
2023	16.17	2024	16.17
2024	16.17	2025	16.17
2025	16.17	2026	16.17
2026	16.17	2027	16.17
2027	16.17	2028	16.17
2028	16.17	2029	16.17
2029	16.17	2030	16.17
2030	16.17	2031	16.17
2031	16.17	2032	16.17
2032	16.17	2033	16.17
2033	16.17	2034	16.17
2034	16.17	2035	16.17
2035	16.17	2036	16.17
2036	16.17	2037	16.17
2037	16.17	2038	16.17
2038	16.17	2039	16.17
2039	16.17	2040	16.17
2040	16.17	2041	16.17
2041	16.17	2042	16.17
2042	16.17	2043	16.17
2043	16.17	2044	16.17
2044	16.17	2045	16.17
2045	16.17	2046	16.17
2046	16.17	2047	16.17
2047	16.17	2048	16.17
2048	16.17	2049	16.17
2049	16.17	2050	16.17
2050	16.17	2051	16.17
2051	16.17	2052	16.17
2052	16.17	2053	16.17
2053	16.17	2054	16.17
2054	16.17	2055	16.17
2055	16.17	2056	16.17
2056	16.17	2057	16.17
2057	16.17	2058	16.17
2058	16.17	2059	16.17
2059	16.17	2060	16.17
2060	16.17	2061	16.17
2061	16.17	2062	16.17
2062	16.17	2063	16.17
2063	16.17	2064	16.17
2064	16.17	2065	16.17
2065	16.17	2066	16.17
2066	16.17	2067	16.17
2067	16.17	2068	16.17
2068	16.17	2069	16.17
2069	16.17	2070	16.17
2070	16.17	2071	16.17
2071	16.17	2072	16.17
2072	16.17	2073	16.17
2073	16.17	2074	16.17
2074	16.17	2075	16.17
2075	16.17	2076	16.17
2076	16.17	2077	16.17
2077	16.17	2078	16.17
2078	16.17	2079	16.17
2079	16.17	2080	16.17
2080	16.17	2081	16.17
2081	16.17	2082	16.17
2082	16.17	2083	16.17
2083	16.17	2084	16.17
2084	16.17	2085	16.17
2085	16.17	2086	16.17
2086	16.17	2087	16.17
2087	16.17	2088	16.17
2088	16.17	2089	16.17
2089	16.17	2090	16.17
2090	16.17	2091	16.17
2091	16.17	2092	16.17
2092	16.17	2093	16.17
2093	16.17	2094	16.17
2094	16.17	2095	16.17
2095	16.17	2096	16.17
2096	16.17	2097	16.17
2097	16.17	2098	16.17
2098	16.17	2099	16.17
2099	16.17	2100	16.17

NOTICE TO HOLDERS OF CONVERTIBLE BONDS

NFC

To holders of NFC plc £32,500,000 7% Convertible Bonds 2007 ("Convertible Bonds").

Notice is hereby given that following the rights issue made by NFC plc to its shareholders on 9 December 1993, the conversion price of the Convertible Bonds was adjusted in accordance with their terms, to 287 pence with effect from 10 December 1993.

The Company's auditors, Ernst & Young, have confirmed that this adjustment is in accordance with Condition 6 (b) of the Terms and Conditions of the Convertible Bonds. It is not intended to issue replacement certificates for any Convertible Bonds and holders of Convertible Bonds should therefore keep details of the adjustment with their existing certificates.

NFC plc 66 Chiltern Street London W1M 1PR
31 December 1993

THE JAPANESE WARRANT FUND

Société Anonyme d'Investissement

45, rue des Solles
L-2529 Luxembourg
Grand Duché de Luxembourg

NOTICE is hereby given to the shareholders that the ANNUAL GENERAL MEETING of THE JAPANESE WARRANT FUND will take place at the Company's Registered Office at 45, rue des Solles, L-2529 Luxembourg, Luxembourg on Wednesday, 19 January 1994 at 4.00 pm with the purpose of considering and voting upon the following agenda:

1. Submission of the report of the Board of Directors and of the Auditors
2. Approval of Annual Report for the year ended 30 September 1993.
3. Discharge of the Directors
4. Election of Directors and Auditors
5. Any other Business.

Resolution on the agenda of Annual General Meeting will require no quorum and will be taken at the majority of the shareholders present or represented.

A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a shareholder of the Company.

By Order of the Board
C.C. Martin
Secretary



The Republic of Italy

US \$300,000,000

Floating Rate Notes

Catering for those in-flight requirements

David Blackwell on the flotation of Alpha, the airport services operation being spun off by Forte

A red light flashes and a siren wails shortly after an innocent vegetarian leaves the check-in desk at Heathrow.

The passenger has thrown a spanner in the works by responding to the airline's routine question on dietary requirements. The warning is sounding in the heart of the kitchen where the meals are being prepared for the flight.

It might be only an hour before take-off, but by the time the plane taxis onto the runway a vegetarian meal with the passenger's name on it will be aboard, ready for serving.

Lights and sirens might at first seem over the top for a catering company, but the statistics involved in getting food ready for airlines leave no room for error. The warning, perched atop a glass and steel cabinet containing a computer, cannot be ignored.

A manager opens the cabinet, keys in a personal code and the instruction. The message and the answer are numbered. The control centre can relax in the sure knowledge that the special requirement will be catered for.

In order to serve the passengers on a modern jumbo jet 40 meal carts have to be loaded. They contain 38,000 pieces of equipment. Add on the food items, and the total reaches 48,000 items on any flight where two meals are served.

As Mr Paul Harrison, managing director of Forte Airport Services, explains, the business is as much concerned with logistics as with catering.

At the end of next month the company, founded 35 years ago, is being spun off from Forte. It is expected to have a

market capitalisation of \$200m and will be known as Alpha. Forte will retain a 25 per cent stake.

Alpha made operating profits of £17.2m on turnover of \$404.5m for the year ending January 1993. Its sales are split 50:50 between airline catering and airport retail. At busy airports the retail side adds what are known as "the weepers and greeters" to the passengers as potential customers. But 70 per cent of the profits are expected to come from airline catering, where Alpha will be the UK market leader, with 48 per cent of the business.

In the first half to end July, operating profits were £11.7m on sales of £207m.

Heathrow, the world's biggest airport, is the most competitive arena for in-flight catering - with nine companies fighting for market share. Alpha's Heathrow division usually prepares 14,000 meals a day, although its maximum capacity is 20,000 meals. However, the total Alpha flight catering business supplies 45m meals a year to 150 airlines, including British Airways, Lufthansa, All Nippon Airways and Pakistan International.

Mr Andrew Murphy, director of the Heathrow operation, aims to run things with military precision, but also to remain flexible. "If it's foggy or raining I know I've got a very interesting day ahead," he says.

Diversions to other airports play havoc with schedules, while a delayed flight can turn an order for breakfast into an order for lunch.

Hence the importance of the computerised control centre,



Paul Harrison: catering for 45m meals a year on 150 airlines

and the outlying terminals complete with sirens and lights in every department of the operation. The progress of each flight is followed on a screen linked direct to the airport. The catering is logged separately, flight by flight, with a simple system using red and green lights to show the progress or otherwise of each meal.

The cycle begins with the offloading of used meal carts from an aircraft. The dirty crockery is sorted and the rubbish sent to a compactor that can deal with 7.5 tonnes a day. The carts themselves are sent through a huge washer and sterilised. The crockery is put onto belts and sent through huge washers. The cutlery is washed, burnished in a machine that shakes it in ball bearings, and washed again. The whole process takes just one hour.

The goods pass to the preparation department, where exactly the right amount for each flight is loaded onto a numbered trolley. Here can be found a woman cutting 74 lemons into eight slices each by hand - airlines do not use enough to make a machine worthwhile. But there are slicing machines that can be programmed to cut a particular weight.

The goods pass to the preparation department, where exactly the right amount for each flight is loaded onto a numbered trolley. Here can be found a woman cutting 74 lemons into eight slices each by hand - airlines do not use enough to make a machine worthwhile. But there are slicing machines that can be programmed to cut a particular weight.

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OBITUARY

Sir Alistair Frame

Sir Alistair Frame, former chairman of RTZ Corporation, who died last Sunday aged 64, was one of the chief architects behind what is now the world's largest mining company.

In a 23-year career with the former Rio Tinto-Zinc, he rose to become chief executive in 1978 and then executive chairman from 1985 to 1991.

Although RTZ was already emerging as an important force in the 1970s under its then chairman, Sir Val Duncan, Sir Alistair was instrumental in completing the company's transformation from an entrepreneurial finance house into a powerful - and structured - global concern.

Under his leadership, RTZ shook off the remnants of its early blue-blooded culture and built up a determined worldwide approach to the mining business, acquiring substantial interests in many of the world's major mineral deposits.

In the 1980s he pushed through tough management changes which tightened central control over RTZ's sprawling business empire with its far-flung baronies.

The crowning moment of his career was the \$3.7bn acquisition in 1989 of British Petroleum's mineral interests, which included Kennecott, one of the US' largest copper com-

panies. This bold stroke propelled RTZ to the top of the world mining league.

Shortly afterwards, in 1990, he relinquished top executive responsibility to his chosen successor, Sir Derek Birkin, and took on fresh non-executive interests outside the company.

These included the chairmanship of British Steel, Wellcome and Davy Corporation, the last of which he joined just as it hit disastrous problems with a North Sea oil rig contract, forcing the sale of the company to Trafalgar House.

After that, ill health obliged him to cut back his business activities.

Scottish by birth, Sir Alistair was educated at Glasgow and Cambridge universities and spent his early career as a nuclear scientist with the Atomic Energy Authority.

The expertise he acquired at that time qualified him to testify at the long-running inquiry into the Sizewell B nuclear station where, with characteristic bluntness, he made sharp criticisms of the Central Electricity Generating Board. Several of his recommendations were subsequently taken up.

Sir Alistair was married with one daughter.

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FINANCIAL TIMES



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US\$100,000,000
Subordinated floating rate notes due 2000
(Issued by and in the name of Copenhagen Landbank A/S)
In accordance with the provisions of the notes, notice is hereby given that for the six months interest period from 31 December 1993 to 30 June 1994 the notes will carry an interest rate of 5.25% per annum. The interest payable on the relevant interest payment date, 30 June 1994 will amount to US\$533.96 per US\$10,000 note and US\$538.96 per US\$250,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

Wells Fargo & Company
US\$200,000,000
Floating rate subordinated notes due 2000
The notes will bear interest at 5.25% per annum for the interest period 31 December 1993 to 31 January 1994. Interest payable on 31 January 1994 will amount to US\$45.21 per US\$10,000 and US\$226.05 per US\$250,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

CREDIT LYONNAIS
USD 250,000,000
FRN DUE 1995
Bondholders are hereby informed that the rate for the coupon n°4 has been fixed at 3.875%, for the period ending on December 28th 1993 to 27th June 1994.
The coupon n°4 will be payable on June 28th 1994 at the price of USD 1.9590 for the USD 10,000.- Note and of USD 4.89757 for the USD 250,000.- Note.
The Principal Paying and Calculation Agent
CREDIT LYONNAIS



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COMMODITIES AND AGRICULTURE

Gold and base metals higher but coffee tumbles

By Richard Mooney

The London gold and base metals markets moved towards 1994 in confident mood yesterday, but coffee futures tumbled.

At the bullion market follow-through from overnight strength in New York pushed the gold price to a 5-month high of \$382.50 a troy ounce at one stage, before it closed at US\$380.50, up \$3.00 on the day. Dealers told the Reuters news agency that the market was still on course to get through resistance at \$392 and to re-establish a price base above \$400 an ounce, although that would have to wait till January.

Christmas cheer was prolonged at the London Metal Exchange, meanwhile, as trad-

ers looked forward to an upturn in global economic activity and reductions in excess production capacity in the new year.

The three months delivery copper price added \$22.75 to Wednesday's \$226.25-a-tonne advance before profit-taking trimmed it back to \$1,828.50 a tonne, up \$8, at the close. But lead held on to its gains, the three months price closing at a 13-month high, just 50 cents short of the \$600-a-tonne mark. Zinc, tin and nickel prices changes were also securely in the plus column and the only LME contract to end down on the day was aluminium, the three months price surrendering \$2 of Wednesday's \$17.25 rise at \$1,137.50 a tonne.

The London Commodity

Exchange's coffee futures market presented a very different picture. Taking their cue from the extremely weak overnight tone in New York, sellers were quick to get on the offensive and by the close the March futures position was quoted at \$1,180 a tonne, down \$43 on the day. "This is just mirroring what happened in New York last night," one trader told Reuters. "It was purely a technical move."

Another suggested that the New York contract's failure to breach the 80 cents-a-pound barrier had "left the market looking at the technicals... and they were starting to look less positive." Most agreed, however, that background fundamentals remained positive.

Zinc price forecast to shine in new year

By Kenneth Gooding, Mining Correspondent

Lead is the non-ferrous metal likely to show the biggest average price increase in 1994 but zinc is expected to be the best-performing of the materials traded on the London Metal Exchange, according to Ms Rhona O'Connell, analyst at T. Moore and Co., the financial services company.

"While lead prices are expected to peak around the end of the first quarter, zinc looks to be a bull market which is likely to be sustained through the year," she says in a special report, *Base Metals, 1994*.

Both lead and zinc mines have been cutting output in 1993 and these cuts are now flowing through into smelter and refinery closures, Ms O'Connell points out.

She forecasts that lead prices will move up by more than 21 per cent from an average of 19 US cents a pound in 1993 to 23 cents in 1994. However, the 1994 first-half average of 24 cents will ease back to 22 cents in the second six months, she predicts.

Meanwhile, an 11.4 per cent price rise is forecast for zinc, taking it from an average of 44 cents a pound in 1993 to 49 cents. Ms O'Connell suggests that zinc's 1994 first-half average will be 48 cents, moving up to 50 cents in the second half.

According to the analyst, nickel will experience the biggest price fall in 1994, one of 7.4 per cent from an average of \$2.43 a pound to \$2.25. Nickel is the only metal for which she expects demand to fall in 1994, from an estimated 651,000 tonnes in 1993 to 634,000 tonnes.

Copper's average price is predicted to fall by 6.3 per cent, from 88 US cents a pound to 82.5 cents, while aluminium, already very depressed, is forecast to fall from 53 US cents a pound to 51 cents.

Zambian copper group pulls back from brink, says Credit Lyonnais

By Kenneth Gooding

Zambia Consolidated Copper Mines, the country's biggest export earner and once one of the world's biggest copper producers, has in the past few weeks pulled back from threatened collapse, caused by a cash-flow crisis, and 1994 could provide ideal conditions for the state-owned group to turn positively to the task of renewal and revival, according to Credit Lyonnais, part of the French banking group.

CLL suggests that a weakening copper price and a strong local currency swept ZCCM's profits away in the second half of the financial year that ends next March.

"The fall in the copper price in the second half of 1993 exposed the high-cost nature of the operations on the [Zambian] copper belt and also exposed the problems of a reactive

management which has done too little to cut long-term costs and which has yet to come to terms with new hardline government policy on industrial support," says analyst Mr Michael Coulson in CLL's latest International Mining Monitor.

He suggests that at present ZCCM is not generating enough cash to service repayments on its near-US\$900m of debt or to maintain output at present operations, let alone allow investment in the development of new mines to secure its future.

"If nothing is done, the best ZCCM could hope for would be a future of steady decline with the occasional metal price surge enabling the company to undertake some new project development but on a much smaller scale than originally envisaged," says Mr Coulson. This would mean annual output of 200,000 tonnes for 15 to

20 years, whereas the present US\$20m, 14-year plan would continue output at about 450,000 tonnes for 50 years.

He calls for the Zambian government to move forward with privatisation of ZCCM, some of the country's US\$7bn debt would be strengthened by ZCCM's performance.

Mr Coulson dismisses, however, the idea that ZCCM, which has a present stock market value of about US\$900m, is worth billions. This idea harks back to the early 1980s when the oil groups were bidding up the price of mining companies and the Japanese offered US\$2bn for Zambia's copper mines.

He says that, ideally, an additional big mining group should get involved with ZCCM alongside the Anglo American Corporation of South Africa, which owns 27.5 per cent. Anglo will have a great

deal to do in "courting the new ANC-dominated [South African] government." It would be healthy for a big group such as RTZ Corporation of the US, Phelps Dodge of the US or BHP of Australia to enter the picture, perhaps by taking a majority stake in the US\$900m Konkola Deep mine venture that is vital to ZCCM's long-term plans.

Mr Coulson concludes: "We do not think disaster for ZCCM is inevitable. The reconstruction and refinancing of the company swiftly undertaken can secure its competitive position in the international copper market and underpin its long-term future as a substantial and low-cost producer."

● ZCCM is threatening Zambia's budget and economic reform programme by failing to pay taxes and debts, according to a senior government mining official, reports Reuters from Lusaka.

Relentless rally lifts US maize prices to 5-year highs

By Laurie Morse

US maize prices are ending the year at 5-year highs, maintaining a steady but relentless rally that began in early November on news that 1993 crop disasters had reduced US grain production by as much as 25 per cent from the previous year's record.

Maize futures for March delivery have rallied 13 per cent since the November crop production report, topping \$3.04 a bushel yesterday. Despite the feed price inflation US cattle and pig farmers have not yet begun to trim their herds, and maize processors who make high fructose corn syrup are continuing regular production schedules.

Analysts say that maize prices will have to remain over \$3 a bushel for a sustained period before domestic consumers begin to ration use. Export demand for US maize is dismal, but domestic use is high. US poultry flocks and

cattle herds are at record levels and the US pig crop is only slightly smaller than a year ago.

Mr Dan Basse, analyst for the consulting group AgResources, says that he expects livestock farmers to make more efficient use of grain and to feed low quality wheat, instead of maize, to reduce feed costs.

Mr Steve Freed, an analyst with ADM investors services, says maize prices will continue higher at least until January 12, when the US Department of Agriculture releases its final estimate of maize, wheat, and soybean crop sizes and its assessment of how many bushels of grain the US holds in stocks.

The ADM analyst expects the USDA to lower its US maize production figure for 1993 to 6.4bn bushels, from November's 6.5bn-bushel estimate, and to put maize stocks at 5.8bn bushels, far lower than last year's December 1 supply

of 7.9bn. "Everyone's plugged into the idea that this will be the most bullish crop report of the year," Mr Freed says. "If the [maize] stocks number is much below 6bn bushels, prices will go higher to ration use. There will be no margin for error in the '94 crop." However, he said, if the report showed more grain in storage than expected, the market was poised for a downward correction.

Prices for the other dominant feed crop in the US, soybeans, have lagged the maize price rally, in part because traders are eyeing South American soybean farms with caution. South America's soybean crops will be harvested before the next US maize crop, providing some relief to worldwide tightness in feed grain supplies. Despite some early problems in Argentina, analysts said soy crops there and in Brazil are in good condition and could produce record yields.

Windwards to restructure banana industry

By Carole James

In Kingston, Jamaica

The banana industry in the Windward Islands, the main source of Britain's imports of the fruit, is being restructured by the islands' governments in what they say is part of an effort to make it commercially competitive and to improve its chances of retaining its market in Europe.

The Windward Islands Banana Association, known as Winban, a statutory commodity board, is being dissolved early in the new year, and will be replaced by two new companies, both to be jointly owned by the four governments and private business.

"At the moment, all our agencies are statutory boards and I do not think that is good enough," said Dame Eugenia Charles, the prime minister of

Dominica, one of the Windward Islands. She met with her counterparts from Guyana, St Lucia and St Vincent to discuss the future of the industry, on which the economies of the four islands depend.

"I think they must be commercial corporations which have to do business on a business-like basis. We have to look at the fact that this is a business and if we don't do it in a business-like way we will go to the wall," Dame Eugenia said. The company that will replace Winban will have a subsidiary that will be responsible for procurement of inputs at lower costs, technical operations and extension services to improve the quality of fruit exported from the four islands.

Dame Eugenia said that the company would seek higher profits from contracts negotiated with exporters. Geest has been the exporter of Windward Islands bananas for

the past 40 years. The Windward Islands banana industry, and that of other Caribbean and some African countries that are traditional suppliers to Europe, has been under increasing pressure from more commercially competitive Latin American producers seeking unfettered access to the European Union.

Latin American countries have challenged a European Union import regime that took effect in July, which imposes a 2m tonnes-a-year quota for Latin American fruit. The imports attract duty of Ecu100 (\$78) a tonne while the duty on imports above the quota is Ecu850 a tonne. Europe's traditional suppliers in the Caribbean and Africa, have access for the remainder of the EU's needs of about 1.5m tonnes a year. That fruit will attract no tariff.

The summit to discuss the Windward Islands industry's

future attacked the EU's recent decision to offer access for an additional 100,000 tonnes of bananas to Latin producers next year, and another 200,000 tonnes in 1995. The concession came during the last hours of the negotiations on the General Agreement on Tariffs and Trade earlier this month. Caribbean producers fear that this increased access, if accepted by the Latin producers, will eat into their market and depress prices.

"What upsets us is that Gatt has taken seven years to come into being but it didn't take seven minutes to decide that the Windward Islands don't count," said Dame Eugenia. She said the current attitude in Europe was that Caribbean producers "can be thrown to the wall, let them sink, let them go, let them go completely bankrupt, we don't care, we're going to help the Latin countries".

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY (5 per tonne)

	Sett	Day's	High	Low	Open
Close	1107.5-1	1107.5			
Previous	1121.5-2.5				
High/Low	1121.5-2.5	1114.5/1135			
AM Official	1121.5-1	1138-8.5			
Korb close	1137-8				
Open int.	281,415				
Total daily turnover	51,308				

■ ALUMINIUM ALLOY (5 per tonne)

	Sett	Day's	High	Low	Open
Close	978-61	1000-5			
Previous	978-6	1000-2			
High/Low	978-61	1000-2			
AM Official	978-61	1000-2			
Korb close	990-100				
Open int.	2,788				
Total daily turnover	98				

■ LEAD (5 per tonne)

	Sett	Day's	High	Low	Open
Close	485-5-6.5	490-500			
Previous	472-5-3.5	495-7			
High/Low	485-5-6.5	495-7			
AM Official	485-5-6.5	495-7			
Korb close	490-7				
Open int.	33,491				
Total daily turnover	7,353				

■ NICKEL (5 per tonne)

	Sett	Day's	High	Low	Open
Close	5375-45	5430-40			
Previous	5325-35	5385-80			
High/Low	5375-45	5430-40			
AM Official	5375-45	5430-40			
Korb close	5450-50				
Open int.	48,241				
Total daily turnover	13,513				

■ ZINC (5 per tonne)

	Sett	Day's	High	Low	Open
Close	485-5-6.5	490-500			
Previous	472-5-3.5	495-7			
High/Low	485-5-6.5	495-7			
AM Official	485-5-6.5	495-7			
Korb close	490-7				
Open int.	33,491				
Total daily turnover	7,353				

■ ZINC, special high grade (5 per tonne)

	Sett	Day's	High	Low	Open
Close	485-5-6.5	490-500			
Previous	472-5-3.5	495-7			
High/Low	485-5-6.5	495-7			
AM Official	485-5-6.5	495-7			
Korb close	490-7				
Open int.	33,491				
Total daily turnover	7,353				

■ COPPER, grade A (5 per tonne)

	Sett	Day's	High	Low	Open
Close	1907-8	1828-9			
Previous	1799-800	1820-3			
High/Low	1907-8	1828-9			
AM Official	1907-8	1828-9			
Korb close	1834-5				
Open int.	213,420				
Total daily turnover	67,549				

■ LME ALUMINUM 99.7% (5 per tonne)

	Sett	Day's	High	Low	Open
Close	1907-8	1828-9			
Previous	1799-800	1820-3			
High/Low	1907-8	1828-9			
AM Official	1907-8	1828-9			
Korb close	1834-5				
Open int.	213,420				
Total daily turnover	67,549				

■ LME CLOSING 2% RATE (1.478)

	Sett	Day's	High	Low	Open
Close	1907-8	1828-9			
Previous	1799-800	1820-3			
High/Low	1907-8	1828-9			
AM Official	1907-8	1828-9			
Korb close	1834-5				
Open int.	213,420				
Total daily turnover	67,549				

■ HIGH GRADE COPPER (COMEX)

	Sett	Day's	High	Low	Open
Close	82-95	83-05			
Previous	82-95	83-05			
High/Low	82-95	83-05			
AM Official	82-95	83-05			
Korb close	83-05				
Open int.	1,405				
Total daily turnover	24,375				

■ LME ALUMINUM 99.7% (5 per tonne)

	Sett	Day's	High	Low	Open
Close	1907-8	1828-9			
Previous	1799-800	1820-3			
High/Low	1907-8	1828-9			
AM Official	1907-8	1828-9			
Korb close	1834-5				
Open int.	213,420				
Total daily turnover	67,549				

■ LME CLOSING 2% RATE (1.478)

	Sett	Day's	High	Low	Open
Close	1907-8	1828-9			
Previous	1799-800	1820-3			
High/Low	1907-8	1828-9			
AM Official	1907-8	1828-9			
Korb close	1834-5				
Open int.	213,420				
Total daily turnover	67,549				

■ HIGH GRADE COPPER (COMEX)

	Sett	Day's	High	Low	Open
Close	82-95	83-05			
Previous	82-95	83-05			
High/Low	82-95	83-05			
AM Official	82-95	83-05			
Korb close	83-05				
Open int.	1,405				
Total daily turnover	24,375				

■ LME ALUMINUM 99.7% (5 per tonne)

	Sett	Day's	High	Low	Open
Close	1907-8	1828-9			
Previous	1799-800	1820-3			
High/Low	1907-8	1828-9			
AM Official	1907-8	1828-9			
Korb close	1834-5				
Open int.	213,420				
Total daily turnover	67,549				

■ LME CLOSING 2% RATE (1.478)

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INVESTMENT TRUSTS - Cont

	YR	CR	PR	PR1
29				
29	27	348.1	0.8	0.8
290	25	122.9	0.8	0.8
290	25	122.9	0.8	0.8
54	10	10.0	0.8	0.8
54	10	10.0	0.8	0.8
531	4	0.9	71.5	
531	4	0.9	71.5	
14	11	0.8	284.0	-0.4
14	11	0.8	284.0	-0.4
14	11	3.8	82.2	0.8
14	11	0.8	373.5	0.8
153	1	0.1	10.0	
153	1	0.1	10.0	
153	1	2.3	171.7	
67				
67				
67			120.7	
67			100.2	
52	3.3	89.0	11.0	
52	3.3	89.0	11.0	
49	18.4			
49	18.4			
49	18.4		68.8	0.2
1182				
219	0.8	201.8	-3.4	
219	0.8	201.8	-3.4	
219	0.1	100.8	4.9	
219	0.1	100.8	4.9	
219	0.8	0.8	-2.2	
219	0.8	0.8	-2.2	
219	18.4			
219	18.4		290.1	0.5
219	18.4		290.1	0.5
100	2.6			
100	2.6			
174	0.8	82.9	0.8	
174	0.8	82.9	0.8	
144	7.7	713.5	-10.0	
144	7.7	713.5	-10.0	
144	2.6	207.3	1.5	
144	2.6	207.3	1.5	
168	2.6	171.9	15.2	
168	2.6	171.9	15.2	
142	1.2	251.6	1.8	
142	1.2	251.6	1.8	
118	8.0	51.9	-0.1	
118	8.0	51.9	-0.1	
118	8.0	125.5	-6.6	
240	3.8	227.3	0.8	
240	3.8	227.3	0.8	
240	0.9	150.8	1.2	
240	0.9	150.8	1.2	
240	1.8	487.3	1.2	

5	0.0	28.6	-0.1
161	8.0	150.4	12.2
16	8.0	50.0	16.1
63	-	27.8	-2.1
40	-	-	-
83	3.5	120.4	-
95	2.6	14.3	-1.1
31½	-	-	-
18	5.4	128.2	-3.1
175	0.7	279.5	-
181	1.8	127.1	-1.1
10	0.9	-	-
31¼	-	-	-
73	8.4	126.8	11.1
106	-	-	-
17	0.9	108.5	3.1
20	-	-	-
124	3.8	154.1	1.1
17	-	123.8	16.1
12	-	-	-
04½	2.7	-	-

57	173	-725.4	11.
100	165	5.8	130.2
100	180		
102	181		
82	187		81.
173	80		
100	10.8		
24	82.5		28.
24	23.1062		11.
16			
496	208		1.
158	24	251.7	8.
236	47	387.0	35.
100	47	128.4	1.
55			
181	174	-117.7	5.
136	8.3	116.7	3.
176	1.8	293.5	
108	10.1	150.0	7.
315	6.2	465.4	4.
315	45	-570.0	21.
42		150.0	0.
47			
540	12	672.2	22.
101	10.1	116.7	-12.
100	10.1	116.7	-12.
85	40	121.2	8.
20	13.1		
65	12.0	34.0	31.
16		68.2	31.
15			
71	40	101.1	5.
100	40	101.1	5.
230	37	315.0	7.
303	24.3		
1050		-3198.1	16.

135	1.8	62.2	63
136	3.8	132.4	0
137	3.2	83.9	16
138	1.8	81.2	84
139	7.5	81.4	24
140	15.0	-	-
141	1.2	138.6	-4
142	10.8	18.9	-
143	3.8	246.9	16
144	3.2	193.7	0
145	3.2	82.8	84
146	3.3	121	-
147	6.1	162.2	-
148	1.8	81.2	84
149	3.8	156.5	16
150	4.4	287.1	-
151	7.5	76.3	24
152	3.8	126.9	-
153	9.9	27.1	-
154	2.8	428.5	-16
155	1.3	125.5	-
156	2.3	153.8	-
157	3.8	181.1	-
158	3.8	144.4	-
159	11.3	306.8	-
160	3.0	62.4	-
161	3.8	370.1	-
162	3.8	370.1	-
163	3.8	370.1	-
164	3.8	370.1	-
165	3.8	370.1	-
166	3.8	370.1	-
167	3.8	370.1	-
168	3.8	370.1	-
169	3.8	370.1	-
170	3.8	370.1	-
171	3.8	370.1	-
172	3.8	370.1	-
173	3.8	370.1	-
174	3.8	370.1	-
175	3.8	370.1	-
176	3.8	370.1	-
177	3.8	370.1	-
178	3.8	370.1	-
179	3.8	370.1	-
180	3.8	370.1	-
181	3.8	370.1	-
182	3.8	370.1	-
183	3.8	370.1	-
184	3.8	370.1	-
185	3.8	370.1	-
186	3.8	370.1	-
187	3.8	370.1	-
188	3.8	370.1	-
189	3.8	370.1	-
190	3.8	370.1	-
191	3.8	370.1	-
192	3.8	370.1	-
193	3.8	370.1	-
194	3.8	370.1	-
195	3.8	370.1	-
196	3.8	370.1	-
197	3.8	370.1	-
198	3.8	370.1	-
199	3.8	370.1	-
200	3.8	370.1	-

285	3.7	352.8
286	1.1	222.8
287	148	—
288	2.6	243.0
289	0.9	300.3
290	3.8	142.4
291	1.2	138.1
292	—	—
293	—	—
294	—	—
295	3.8	156.6
296	1.3	216.7
297	—	—
298	3.3	237.4
299	—	—
300	2.6	381.2
301	90.8	105.4
302	0.9	326.6
303	—	—
304	1.8	417.1
305	6.2	861.7
306	3.3	57.9
307	—	—
308	3.3	212.9
309	1.3	143.5
310	2.8	175.0
311	97.9	282.5
312	2.0	308.6
313	2.1	81.8
314	—	—
315	2.2	532.0
316	—	—
317	—	—
318	74	134.4
319	—	—
320	81	—
321	8.2	40.3
322	—	—
323	—	—
324	8.2	254.3
325	—	—
326	3.4	146.7
327	—	—
328	—	—
329	—	—
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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	99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Station Like Unit Test Mean Co Ltd (120000)		Date		Time		Lat		Long		Alt		Speed		Dir		Wind		Temp		Humid		Pres		Visib		Cloud		Moon		Sun		Notes	
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CURRENCIES AND MONEY

MARKETS REPORT

Dollar shows fresh gains

New indications about the strength of the US economy pushed the dollar higher while the French franc also enjoyed a good spell against the D-Mark, writes Peter Marsh.

A bigger than expected fall in US unemployment and bullish figures on home sales were behind the rise in the US currency, which just failed to break through the Y112 "wall" against the yen.

The franc rose to its strongest levels against a lacklustre German currency since the exchange rate crisis of July, amid hopes of an easing in European interest rates over the next few months to boost tentative recovery signs across the continent.

A surprise cut in Dutch interest rates failed to excite dealers in most trading centres, where currency sales were extremely thin as markets wound down ahead of the new year holiday.

The main talking point for investors was the continued rise in the dollar on the back of a decline in the number of Americans claiming unemployment benefits. The figure fell 39,000 last week to 291,000, the lowest for nearly five years. Indications that US growth next year will be fairly high were helped by news of a rise in house and apartment sales.

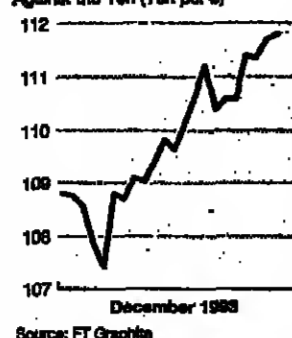
The data triggered buy orders for the dollar, which rose nearly 2 pence on the day to DM1.7377 by the close of European trading. That marked a 3 1/2 pence rise since Tuesday night and a gain of 7 pence since the start of the year. Against the yen, the dollar extended its recent run of strength, closing at Y111.845, after Y111.6 the previous night. Even though the dollar has fallen 10.5 pence against the Japanese currency since January 1, many expect these losses to be clipped away in the new year as a result of doubts about the strength of the Japanese economy.

In European trading yesterday, the dollar rose at one stage to Y111.85 but got no further. Rumour had it that Japanese exporters placed dollar sell orders at Y112 to limit the dollar's advance.

Against a D-Mark which lacked support, the yen made

Dollar

Against the Yen (Yen per \$)



Dec 30 - New York

	Dec 30	Jan 1	Dec 29
1m	1.7377	1.7472	1.7472
3m	1.7377	1.7472	1.7472
1y	1.7377	1.7472	1.7472

steady gains, with the German currency quoted last night at Y64.53, after Y65.08 on Wednesday evening. This followed on from the yen's strength against the German currency over the year, during which it has put on nearly 20 per cent.

In early European trading, the franc moved up to FF3.385 per D-Mark from FF3.40 on Wednesday. This was its highest level since July 8, and comfortably above the FF3.40 at which it started the year. There was even some talk among the more wild-eyed franc enthusiasts in the market of the currency making its way to FF3.35 over time as the outlook for the French economy improved. But news that seasonally adjusted unemployment in France rose in November to a record 9.86 per cent did little to arouse bullish sentiments, and the franc closed at FF3.397 to the D-Mark, barely changed. The Danish krone also moved up to around DKR3.906 per D-Mark from DKR3.906.

In Amsterdam, the Dutch central bank created some things of a stir in the money market conditions by cutting its special advances money market rate to 5.6 per cent from 5.7 per cent. The reduction followed the guilders' recent strength against the D-Mark which has seen it move to 10-year highs. Nevertheless, many traders had not expected any Dutch move on monetary policy until January 6, when

the Bundesbank council is expected to discuss a lowering in the Lombard and discount interest rates. The guilders traded yesterday at HF11.118 per D-Mark, against HF11.19 the previous day, holding fairly steady after news of the cut.

Starting slipped against the dollar, closing at \$1.4788, down 1 1/4 cents, while against the German currency it was quoted last night at DM2.5802, slightly lower than the DM2.5824 on Wednesday evening. Over the year the pound has fallen 2 1/2 per cent against the dollar though gained 4.3 per cent against the German currency. The overall rise in its trade weighted index has been nearly 3 per cent. Sterling was little affected by figures showing British bank notes in circulation rose a high 7.1 per cent in the week to December 29 over the equivalent week a year ago. Economists gave the numbers little attention on the grounds that they may have been distorted by the Christmas holiday. However, indications that the UK economy is continuing to recover were buoyed by news of a sharp fall in company failures in the fourth quarter.

The data were hailed by the Treasury as showing the upturn was "well under way". In its money market operations the Bank of England channelled £1.65bn into the banking system after forecasting a liquidity shortage of £1.75bn.

Norway's central bank said it had bought NKR1.4bn on foreign currency markets last week to support the currency which has recently looked unsteady against the D-Mark and other European currencies. It said it purchased NKR500m on Wednesday and NKR900m on Thursday.

In Frankfurt, German call money tightened, with the bulk of money market business being transacted at interest rates of between 6.5 per cent and 6.8 per cent. Rates generally straddled the Bundesbank's Lombard rate of 6.75 per cent, as banks strove to ensure they had secured a required monthly average on minimum reserves of above DM50bn. The monthly average reached DM50.2bn by the close of business on Tuesday.

POUND SPOT FORWARD AGAINST THE DOLLAR

	Dec 30	Closing mid-point	Change on day	Bid/offer spread	Day's high/low	One month	Three months	One year	Bank of England
Europe	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Australia	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Canada	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Denmark	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
France	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Germany	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Greece	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Ireland	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Italy	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Japan	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
South Korea	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Spain	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Sweden	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Switzerland	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Taiwan	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Thailand	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
USA	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
UK	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Other	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

	Dec 30	Closing mid-point	Change on day	Bid/offer spread	Day's high/low	One month	Three months	One year	Morgan GNY
Europe	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Australia	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Canada	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Denmark	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
France	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Germany	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Greece	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Ireland	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Italy	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Japan	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
South Korea	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Spain	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Sweden	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Switzerland	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Taiwan	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Thailand	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
USA	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
UK	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377
Other	(Bid)	1.7377	-0.0016	0.12	1.7377	1.7377	1.7377	1.7377	1.7377

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17	Feb 16	Feb 15	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5	Feb 4	Feb 3	Feb 2	Feb 1	Jan 31	Jan 30	Jan 29	Jan 28	Jan 27	Jan 26	Jan 25	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20	Jan 19	Jan 18	Jan 17	Jan 16	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Jan 3	Jan 2	Jan 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17	Feb 16	Feb 15	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5	Feb 4	Feb 3	Feb 2	Feb 1	Jan 31	Jan 30	Jan 29	Jan 28	Jan 27	Jan 26	Jan 25	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20	Jan 19	Jan 18	Jan 17	Jan 16	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Jan 3	Jan 2	Jan 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17	Feb 16	Feb 15	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5	Feb 4	Feb 3	Feb 2	Feb 1	Jan 31	Jan 30	Jan 29	Jan 28	Jan 27	Jan 26	Jan 25	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20	Jan 19	Jan 18	Jan 17	Jan 16	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Jan 3	Jan 2	Jan 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17	Feb 16	Feb 15	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8	Feb
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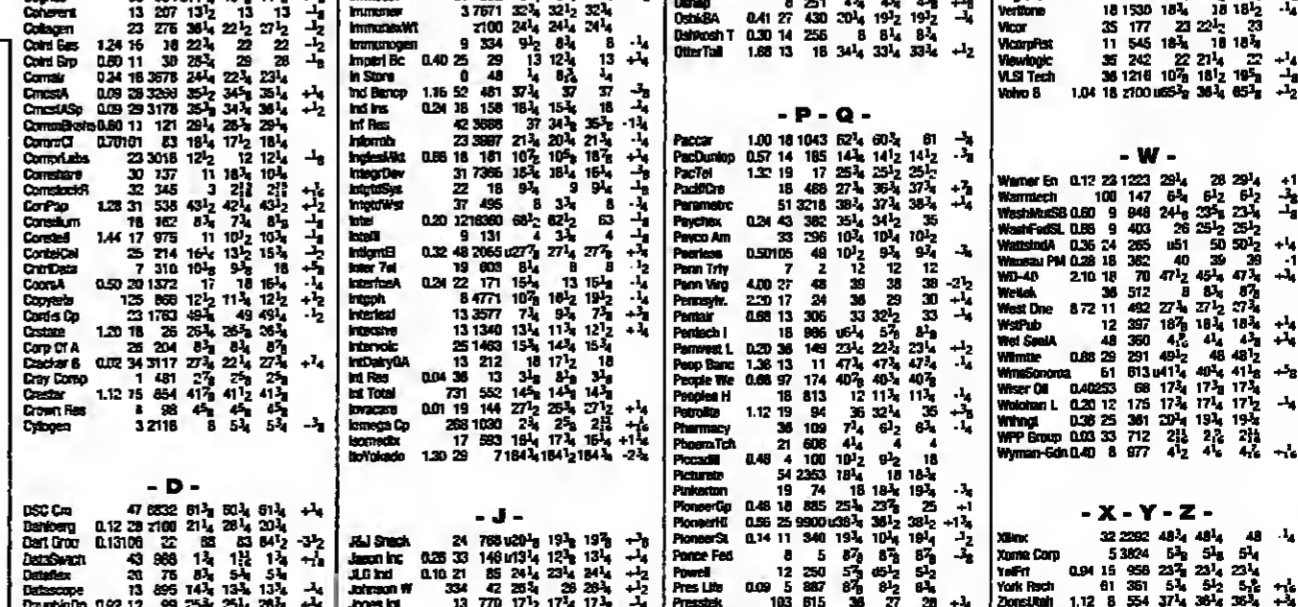
هكذا من الأصل

[illegible]

4 pm close December 31

Chesapeake	1	393	34	3%	3%	+	Harding A	123	60	9%	0	NetAdv	27	1981	18	17%	17%	17%	TJ Inc	0.22	43	1576	30	29%	29	
Danco Inc	0.0580	74	62%	8%	8%	+	Hartman	0.08	14	5	25%	30	2002	1	2	1%	1%	1%	Tokios Mkt	0.00	8	2650	6%	6%	6%	
Danone	1	89	3%	5	3	+	Harper Co	0.20	18	1491	17%	17%	17%	17%	17%	17%	17%	17%	Tokyo Mkt	0.27	43	90	54%	54	54	
Dartmouth	0.04	27	10%	10%	10%	+	HBO Co	0.30	40	40	40%	40%	40%	40%	40%	40%	40%	40%	Trans Bank	0.10	10	1400	15	15	15	
CartoonCo	0.84	22	27%	28%	24%	+	Healthstar	0.08	19	124	11%	11%	11%	11%	11%	11%	11%	11%	Topco Co	0.38	43	3334	74	74	74	
Canada	0.20	18	25%	10%	10%	10%	Healthway	0.08	19	124	11%	11%	11%	11%	11%	11%	11%	11%	TRI Enter	0.07	757	107	0%	0%	0%	
Clancy S	0.15	18	1300	24%	24%	+	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Clayco	0.8	883	17%	17%	17%	+	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Colfax	0.8	883	17%	17%	17%	+	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
CDM Corp	18	41	12	11%	11%	11%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chadwell	13	1898	4%	4%	4%	4%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Carducci	3	4975	12%	12%	12%	12%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Charm	0.24	22	24%	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
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Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
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Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
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Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%	25	25	25	25	25	25	25	Transit	0.08	11	392	36%	36%	36%	
Chen Corp	1.80	10	275	24%	24%	24%	HealthNet	0.18	45	25	27%															

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Nervous bond market tilts Dow into decline

Wall Street

US share prices eased yesterday morning as a skittish bond market undercut the eagerness of investors to lift the bellwether blue-chip index over the 3,000 mark before the new year, writes Frank McGarry in New York.

At 1 pm, the Dow Jones Industrial Average was 10.83 lower at 3,783.71, while the more broadly based Standard & Poor's 500 was down 1.15 at 469.43, in the secondary markets, the American SE composite was off 0.42 at 471.74, but the Nasdaq composite gained 1.10 to 769.58.

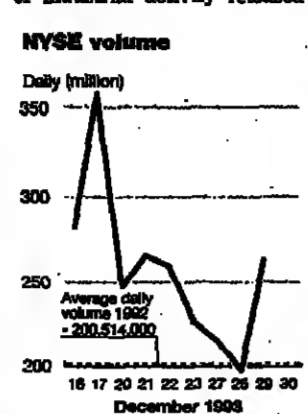
Volume on the NYSE was light, with 110m shares traded by 1 pm. Declining issues led advances, 1,102 to 825.

After two days of razor-thin gains, stocks opened weaker as the US Treasury market reacted nervously to a strong report on November housing activity. The Commerce Department said that sales of new single-family homes last month surged by 11.3 per cent, to the highest annual rate in more than seven years.

In a further sign of the economy's strength, weekly claims for unemployment benefit fell sharply last week, confounding

expectations of no change. By midday, the inflation-sensitive 30-year government bond was down 1 1/2 to 96 1/2, with the yield rising to 6.323 per cent in thin holiday trading.

The negative implications of the data were somewhat mitigated by the December index of industrial activity released in New York.



by the Purchasing Management Association of Chicago. The report showed continued economic strength in the area, but the rate of acceleration eased from November's especially fast pace.

It was no consolation for bonds, however, and the losses at the long end grew more pro-

nounced as the morning progressed.

Stocks followed suit, although the Nasdaq continued to outperform the other markets. It was aided by a solid gain by MCI Communications, which added 3 1/4 to 23 1/2 on news that it was planning to spend \$1bn to build local networks in direct competition with the so-called Baby Bell regional telcos. Among the Baby Bells, Ameritech shed 1 1/2 to 7 1/2, Bell South 1/4 to 55 3/4, and Southwestern Bell 3/4 to 42 1/2.

Genentech advanced 3/4 to 49 1/2 after the Food and Drug Administration approved a drug developed by the biotechnology concern for the treatment of cystic fibrosis.

Canada

Toronto stocks were ahead at midday in subdued pre-holiday trading, on strength in real estate and banking shares. The TSE-300 index, at a record high on Wednesday, climbed 17.56 to 4,327.47 at noon in trade of 15.4m shares.

The real estate sector rose 50.74 or 1.5 per cent to 3,356.46, led by Intrawest, 3 1/2 higher at C\$15, and Markborough Properties, C\$10.10 ahead at C\$3.20.

Oil majors defy five-year low in crude

But the possibility exists that the perception will soon change, writes Robert Corzine

Investors may be forgiven for wondering why shares in some of the world's biggest oil companies have managed to ride the current wave of euphoria sweeping international stock markets, at the same time as crude oil prices plummeted to new five-year lows.

"There is a feeling that the effects of declining oil prices," according to Mr Fergus McLeod, oil industry analyst at Goldman Sachs, show that the majors still managed to record respectable gains. Exxon shares were up 3.3 per cent from the beginning of the year to December 21, compared with a 6.8 per cent rise in the S & P Composite. Texaco fared somewhat better, turning in a 6.3 per cent rise.

The ADRs of a number of foreign oil companies easily outperformed the S & P. British Petroleum, a quarter of whose shares are held by American investors, saw the value of its ADRs rise by 38 per cent, compared with a 43.3 per cent increase in its home market in London.

The ADRs of Royal Dutch Shell, a traditional haven for investors at a time of uncertainty in the oil markets, were up by 27.6 per cent. The Anglo-Dutch group looked less exciting in its domestic markets. In the Netherlands Royal Dutch shares rose by 34.3 per cent, compared with a 38.9 per cent rise in the ANP-CBS index. In

the UK, shares in Shell Transport and Trading outperformed the FT All Share Index, by recording a 26 per cent increase, compared with the 20.6 per cent rise of the index to December 21.

Elsewhere in Europe oil company shares have generally fared well. In France, Total shares were up 34.3 per cent, compared with a 25.4 per cent rise in Paris equities in general. Shares in Elf Aquitaine were some way behind the average, managing only a 14 per cent increase.

In Spain, shares in Repsol, another favourite of international investors, were up 58.4 per cent, against a 47.8 per cent rise in the Madrid index. Themes which have helped to push the share prices of the integrated majors higher at a time of declining oil prices include:

- successful corporate cost cutting, a particular strong point for BP;
- higher refining and marketing margins as crude prices decline; and
- buoyant natural gas prices, especially in the US.

But the impact of these factors is likely to wane in coming months if oil prices remain weak. Estimates by Morgan Stanley, the US investment bank, suggest that 12 of the biggest US-based integrated companies could earn only \$1.87bn from exploration and production activities in the current quarter, compared



with \$3.2bn in the same period last year. Mr McLeod believes that the cost-cutting theme will take on even more importance if weak crude prices cut deeply into cash flow next year. "It will be difficult for them to match this year's performance, but it will be one of the few things they can do to enhance profitability," he says. Companies will also be delaying or cancelling capital spending, although most are already committed to 1994 programmes.

Mr Paul Spedding, an analyst at brokers Kleinwort Benson in London, agrees that investors will focus on companies which "can get growth" from sources other than the oil price itself, whether these be cost-cutting, or an emphasis on higher value products such as lubricants.

But, most of all, investors and company executives alike will be focusing on the Organisation of Petroleum Exporting Countries for a sign that oil prices have bottomed out and are heading back up.

ASIA PACIFIC

Taiwan leads way with 5% surge to 30-month high

Tokyo

After the modest gains posted on Wednesday, Japanese share prices advanced further on small-lot buys from investment trust managers to end the final half-day session of 1993 in positive territory, writes Wayne Lionel Agonie in Tokyo.

The Nikkei Stock Average of 225 issues gained 146.21 to settle at 17,417.24, its intraday peak, and 2.9 per cent higher over the year, after opening at the day's low of 17,308.23. The session's close represents the first time for three years that the key barometer has settled above the year-earlier level. The Topix index of all first section issues rose 0.04 to 1,439.31, while in London, the FTSE 100 index rose 0.27 to 1,188.45.

With most stock market investors away for the winter holiday, trading volume languished at an estimated 120m shares, compared with Wednesday's final 215m. Advances led declines by 616 to 278, with 200 issues unchanged.

Japanese brokers say that investors are relieved, judging that 1993 was the fourth straight year of a bear market and that it is now behind them. An immediate recovery for equity prices, they add, is unlikely, but hopes exist for a gradual rise in the Nikkei average in the first quarter of 1994, and for eight improvements in the overall domestic economy before the summer.

Mr Minoru Nagaka, president of the Tokyo Stock Exchange, will still have a difficult time convincing stock market participants that 1994 will be a period of major gains during his traditional pep talk on the first day of trading.

All available evidence suggests that there is no compelling reason for institutional and private investors to enter the market aggressively. The outlook for corporate earnings

remains bleak, the domestic economy has dipped deeper into a slump, as revealed by the recent 2.8 per cent rise in unemployment, the worse figure in six years. And the Japanese government's steps to rescue the market may prove unsuccessful.

The day's rise, however, did give a boost to some banking issues. Sumitomo Bank rose Y60 to Y1,950, Fuji Bank advanced Y40 to Y1,990 and the Industrial Bank of Japan climbed Y30 to Y2,830. Issues in the securities sector also settled higher. Nikko Securities rebounded Y30 to Y1,990, and Yamichi Securities edged Y3 higher to Y995.

Gains in gold prices, internationally, encouraged buying in non-ferrous issues. Sumitomo Metal Mining jumped Y24 to Y870, and Mitsui Mining and Smelting moved Y17 higher to Y1,884.5.

In Osaka, the OSE average ended 136.25 higher to 19,221.72, in volume of 16.8m.

Roundup

The Pacific Rim remained in good heart, with further records set in Taiwan, Hong Kong, Australia, Karachi, Bangkok and Jakarta.

Taiwan surged 5 per cent to a 30-month high on news that the economics minister, Chiang Pin-kung, had said the island should seek direct shipping links with China next year. The weighted index jumped 278.48 to 5,813.55, its highest finish since 5,900.70 on June 28, 1991. Turnover was a hectic T\$100.5bn against T\$83.0bn on Wednesday.

HONG KONG overcame Wednesday's consolidation, surging 3.7 per cent to a fresh record on a new wave of Japanese and US buying. The Hang Seng index added 427.70 to 11,877.47, having posted a just short of the 12,000 level at an all-time intra-day high of 11,858.08.

China's announcement that it would unify its exchange rate was viewed as a long-term positive factor but it had little short-term effect.

Turnover was a preliminary HK\$10.87bn against a final HK\$9.61bn on Wednesday. AUSTRALIA rose 1.3 per cent to a six-year high amid strong local and foreign demand in a market short of sellers. The All Ordinaries index closed 27.5 higher at 2,155.45, easily exceeding its previous post-1987 stock market crash peak of 2,132.4 reached on November 1.

KARACHI closed the year at a record high in a year-end buying spree which took the KSE 100-share index 20.50 higher to 2,184.26.

BANGKOK was higher but off a morning peak as investors sold finance and brokerage shares to cash in profits before the long new year holidays. The SET index rose 14.22 to a record 1,682.85 after touching a high of 1,686.18 in early trade.

NEW ZEALAND advanced 1.2 per cent in thin trade and the NZSE-40 index added 25.11 to 2,180.23, just 23 points short of its high for the year.

SINGAPORE saw aggressive selling after three days on the upgrade and the Straits Times index rose 0.24 to 3,242.22, a record 1,682.85 after touching a high of 1,686.18 in early trade.

JAKARTA closed mixed, but still saw a final high although local investors took profits on the last trading day of 1993. The official index rose 0.88 to 588.77.

KUALA LUMPUR underwent an early technical correction in response to recent sharp gains before bargain-hunting lifted the composite index from a day's low of 1,216.59 to finish 0.13 higher at 1,231.73. Gaming stocks were marked down in response to the imposition of higher gaming tax and betting and sweepstakes duty from January 15.

Senior bourses seemed determined to see a strong conclusion to 1993, writes Our Markets Staff.

FRANKFURT ended 1993 with a new high, the DAX index surging 51.98, or 2.3 per cent to 2,265.58 for a gain on the year of 47.6 per cent.

Turnover soared from DM7.5bn to DM11.2bn. Mr Eckhard Frahm of Merck Finck in Düsseldorf said that the late rally, like most of the business over the holiday period, reflected futures and OTC-related buying.

The big winners of 1993 tended to be cyclical, or story-related, Mannesmann, with its cellular telephone network prospects, led the DAX constituents with a 1993 gain of 85.5 per cent, and other story-led stocks in the top 10 included Volkswagen - up 81.7 per cent on restructuring prospects, in spite of a temporary fall from 215.50 to 175.50.

Enhanced prospects in international airways, and Schering on its BetaSeron multiple sclerosis drug potential.

The clear loser was Metallgesellschaft, down 17.8 per cent after a further DM2.50 fall to DM273 yesterday on reports that the company is planning to raise its capital and that foreign creditor banks are preparing to recall loans.

PARIS ended close to, but just below Wednesday's 1993 high, the CAC-40 index finishing 0.67 lower at 2,281.22. Turnover stayed surprisingly strong at FF4.85m.

Eurotunnel rose FF2.15, or 4.5 per cent to FF51.50 after Wednesday's late news of a 10-year extension to its concession to operate the Channel tunnel. Euro Disney recovered another FF1.10, or 3.4 per cent to FF23 on short covering.

MADRID regained a slice of the ground it lost after the Bank of Spain's decision to intervene in Banesco and replace its board of directors, the general index rising 4.63 to 319.13 as turnover stayed high at Ptas3.5bn. BCH was the best performer

SOUTH AFRICA

Johannesburg finished sharply higher on the back of a firmer gold price and solid foreign demand for industrials. Golds rose 60 to 2,176, industrials 36 to 5,561 and the overall index 38 to 4,589. De Beers put on 650 cents to 2103.50.

FT-SE Actuaries Share Indices

Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21
FT-SE 100	1467.18	1468.54	1468.25	1471.01	1473.88	1475.41	1476.99	1478.54	1479.84
FT-SE 250	1947.88	1948.28	1948.72	1950.18	1951.58	1952.98	1954.38	1955.78	1957.18

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Base value 1985 (251000); High/Low: 100 - 1474.82; 250 - 1952.98; 100 - 1474.82; 250 - 1952.98

THE EUROPEAN SERIES

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FT-SE 100	1467.18	1468.54	1468.25	1471.01	1473.88	1475.41	1476.99	1478.54	1479.84
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The rise of technology on Lake Constance.

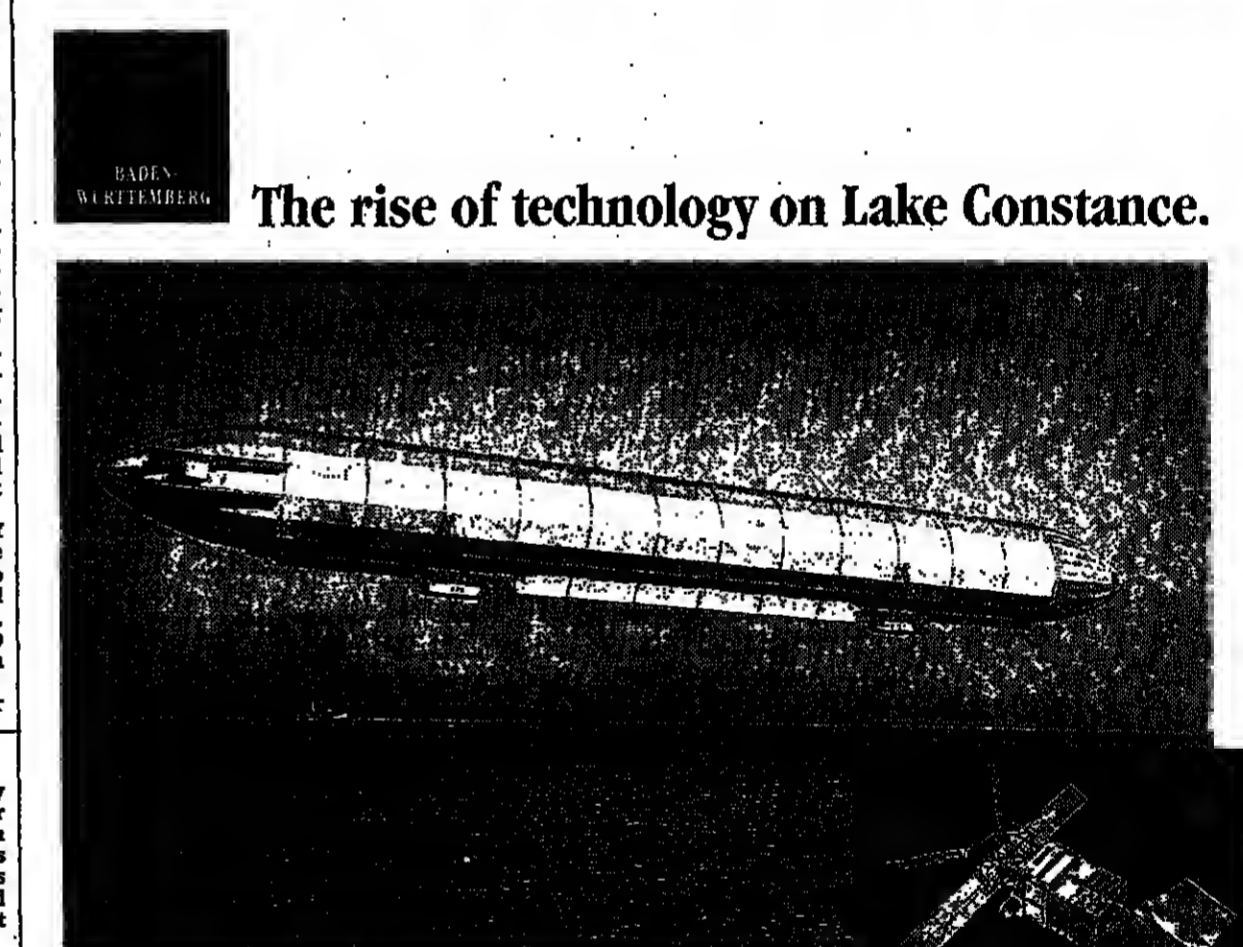
On July 2, 1900, Count Zeppelin's invention ascended for the first time into the skies over Lake Constance. The event marked the beginning of a much anticipated dream: man's scheduled exploitation of the skies.

Airships have long since been replaced by aircraft, even on Lake Constance, home of the Dornier 228 and 228. Today, the aircraft industry headquartered there is making a considerable contribution to Europe's large scale space programs, especially in

the development of the ERS-1, ERS-2 and Envisat-1 reconnaissance satellites. The ascent of the zeppelin marked the start of a new century and a new direction of industrialization, then mainly characterized by the motor car. Invented in Baden-Württemberg by Gottlieb Daimler and Carl Benz, the automobile did much to bring about change in the industrialized world.

These are but two examples of the technological advances for which Baden-Württemberg has become known. Today the region is regarded as the premier research center in Germany.

Baden-Württemberg. The German Southwest. The better location.



Zeppelin over Lake Constance, Baden-Württemberg

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS														WEDNESDAY, DECEMBER 29, 1993										THURSDAY, DECEMBER 30, 1993										DOLLAR INDEX			
Figures in parentheses show number of lines of stock		US Dollar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% Chg. vs. Prev. Day	Gross Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% Chg. vs. Prev. Day	Gross Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% Chg. vs. Prev. Day	Gross Yield	1993 High	1993 Low	Year Ago											
Australia (129)	162.45	161.48	181.48	131.61	145.10	190.13	-2.1	3.21	190.17	157.48	112.72	141.65	156.87	162.62	117.28	140.00	162.62	156.87	112.72	141.65	156.87	162.62	117.28	140.00	162.62	156.87	112.72	140.00									
Austria (17)	185.57	185.57	184.47	118.15	195.15	105.19	-0.5	0.57	187.18	167.48	132.22	161.18	159.87	197.98	131.18	159.87	197.98	131.18	159.87	197.98	131.18	159.87	197.98	131.18	159.87	197.98	131.18	159.87									
Belgium (42)	164.34	164.34	160.38	118.15	148.78	174.47	-0.5	0.57	168.01	163.28	114.85	148.18	144.88	190.01	131.18	144.88	190.01	131.18	144.88	190.01	131.18	144.88	190.01	131.18	144.88	190.01	131.18	144.88									
Canada (107)	135.04	135.04	135.04	120.10	150.00	140.00	-0.5	0.57	135.04	125.10	93.83	114.85	114.88	163.71	101.41	114.88	163.71	101.41	114.88	163.71	101.41	114.88	163.71	101.41	114.88	163.71	101.41	114.88									
Denmark (23)	253.37	253.37	261.83	179.06	190.00	170.00	-0.5	0.57	253.37	240.00	170.00	190.00	170.00	272.00	170.00	272.00	272.00	170.00	272.00	272.00	170.00	272.00	272.00	170.00	272.00	272.00	170.00	272.00									
Finland (23)	125.34	125.34	124.59	86.58	111.99	151.18	-0.1	0.00	124.14	122.06	87.37	103.78	148.18	129.90	85.42	148.18	129.90	85.42	148.18	129.90	85.42	148.18	129.90	85.42	148.18	129.90	85.42	148.18									
France (358)	172.76	172.76	177.89	123.32	199.66	163.83	-0.7	2.84	178.97	175.87	125.54	163.88	192.70	178.49	165.70	192.70	178.49	165.70	192.70	178.49	165.70	192.70	178.49	165.70	192.70	178.49	165.70	192.70									
Germany (60)	138.83	138.83	141.13	105.19	145.10	190.13	-0.5	0.57	141.13	138.83	105.19	145.10	190.13	141.13	105.19	145.10	190.13	141.13	105.19	145.10	190.13	141.13	105.19	145.10	190.13	141.13	105.19	145.10									
Hong Kong (55)	403.78	403.78	406.35	190.00	418.00	495.76	-1.1	2.34	407.73	406.77	234.08	418.00	470.72	474.73	218.82	474.73	218.82	474.73	218.82	474.73	218.82	474.73	218.82	474.73	218.82	474.73	218.82	474.73									
Ireland (14)	162.29	162.29	161.11	123.76	162.73	161.49	-0.0	3.12	164.01	160.82	148.49	162.72	161.49	164.71	126.86	164.71	126.86	164.71	126.86	164.71	126.86	164.71	126.86	164.71	126.86	164.71	126.86	164.71									
Italy (41)	66.50	66.50	66.50	16.00	16.00	16.00	-0.5	0.57	66.50	66.50	16.00	16.00	16.00	66.50	16.00	66.50	66.50	16.00	66.50	66.50	16.00	66.50	66.50	16.00	66.50	66.50	16.00	66.50									
Japan (459)	126.93	126.93	128.18	91.11	115.17	191.11	-0.1	0.00	128.17	127.20	91.04	114.24	165.10	105.10	105.10	105.10	105.10	165.10	105.10	105.10	105.10	105.10	105.10	105.10	105.10	105.10	105.10	105.10									
Malaysia (29)	285.54	285.54	286.24	414.00	524.25	598.15	-1.8	1.22	598.09	578.27	412.42	514.29	598.09	598.09	261.98	598.09	598.09	261.98	598.09	598.09	261.98	598.09	598.09	261.98	598.09	598.09	261.98	598.09									
Mexico (19)	235.73	235.73	236.71	166.56	210.05	603.82	-0.8	0.81	236.31	234.30	166.70	210.49	609.29	236.31	166.70	210.49	609.29	236.31	166.70	210.49	609.29	236.31	166.70	210.49	609.29	236.31	166.70	210.49									
Netherlands (16)	199.65	199.65	199.65	16.00	16.00	16.00	-0.5	0.57	199.65	199.65	16.00	16.00	16.00	199.65	16.00	199.65	199.65	16.00	199.65	199.65	16.00	199.65	199.65	16.00	199.65	199.65	16.00	199.65									
New Zealand (14)	265.53	265.53	268.12	410.00	542.82	631.82	-2.9	3.71	646.08	637.61	455.83	57.21	61.38	40.58	43.34	646.08	637.61	455.83	57.21	61.38	40.58	43.34	646.08	637.61	455.83	57.21	61.38	40.58									
Norway (29)	182.42	182.42	181.24	129.32	162.94	194.49	+1.2	1.28	192.72	178.27	128.10	162.97	192.28	185.10	137.01	192.28	185.10	137.01	192.28	185.10	137.01	192.28	185.10	137.01	192.28	185.10	137.01	192.28									
Singapore (39)	302.70	302.70	307.77	199.12	230.33	272.93	-0.2	1.23	308.74	303.55	200.28	230.97	272.98	308.74	200.28	272.98	308.74	200.28	272.98	308.74	200.28	272.98	308.74	200.28	272.98	308.74	200.28	272.98									
South Africa (4)	256.30	256.30	256.30	16.00	16.00	16.00	-0.5	0.57	256.30	256.30	16.00	16.00	16.00	256.30	16.00	256.30	256.30	16.00	256.30	256.30	16.00	256.30	256.30	16.00	256.30	256.30	16.00	256.30									
Spain (42)	130.23	130.23	135.41	98.38	127.67	148.10	-2.0	4.00	140.23	134.04	98.00	149.49	148.24	116.23	149.49	148.24	116.23	149.49	148.24	116.23	149.49	148.24	116.23	149.49	148.24	116.23	149.49	148.24									
Sweden (36)	197.87	197.87	198.89	126.38	176.74	246.85	-1.8	1.44	198.73	192.45	137.75	173.10	238.27	202.92	176.74	202.92	176.74	202.92	176.74	202.92	176.74	202.92	176.74	202.92	176.74	202.92	176.74	202.92									
Switzerland (42)	162.25	162.25	167.28	104.87	145.45	174.47	-0.5	0.57	167.28	162.25	104.87	145.45	174.47	167.28	104.87	145.45	174.47	167.28	104.87	145.45	174.47	167.28	104.87	145.45	174.47	167.28	104.87	145.45									
United Kingdom (215)	209.10	209.10	207.85	146.74	186.75	207.85	-0.1	1.42	208.26	207.27	145.84	186.75	207.27	208.26	145.84	207.27	208.26	145.84	207.27	208.26	145.84	207.27	208.26	145.84	207.27	208.26	145.84	207.27									
USA (518)	191.53	191.53	0.1	100.08	126.70	171.08	191.53	-2.1	2.72	191.68	198.47	134.80	166.52	191.68	134.80	166.52	191.68	134.80	166.52	191.68	134.80	166.52	191.68	134.80	166.52	191.68	134.80	166.52									
Australia (129)	171.27	171.27	170.25	104.24	152.98	165.01	+0.5	2.75	172.12	168.26	121.13	163.29	164.18	172.98	129.92	164.18	172.98	129.92	164.18	172.98	129.92	164.18	172.98	129.92	164.18	172.98	129.92	164.18									
Europe (1141)	193.03	193.03	190.78	126.71	171.52	203.01	+0.8	1.23	190.78	190.26	120.89	163.29	164.18	193.03	120.89	163.29	164.18	193.03	120.89	163.29	164.18	193.03	120.89	163.29	164.18	193.03	120.89	163.29									
Northern America (715)	140.24	140.24	142.59	101.23	127.94	194.36	-0.1	1.19	143.65	141.24	101.08	127.04	140.41	140.24	101.08	127.04	140.24	101.08	127.04	140.24	101.08	127.04	140.24	101.08	127.04	140.24	101.08	127.04									
Asia (1461)	165.01	165.01	165.01	16.00	16.00	16.00	-0.5	0.57	165.01	165.01	16.00	16.00	16.00	165.01	16.00	165.01	165.01	16.00	165.01	165.01	16.00	165.01	165.01	16.00	165.01	165.01	16.00	165.01									
Northern America (715)	165.01	165.01	168.88	133.88	167.95	197.32	-0.1	2.98	198.13	192.74	132.41	166.52	192.74	198.13	132.41	198.13	192.74	198.13	132.41	198.13	192.74	198.13	132.41	198.13	192.74	198.13	132.41	198.13									
Europe Ex. UK (531)	147.97	147.97	147.08	104.59	129.19	140.34	-0.1	2.27	148.94	147.03	106.56	132.27	140.48	140.04	106.56	132.27	140.04	106.56	132.27	140.04	106.56	132.27	140.04	106.56	132.27	140.04	106.56	132.27									
Asia Pacific Ex. Japan (246)	79.31	79.31	80.77	64.27	248.50	250.30	+0.4	2.31	279.39	274.71	198.26	247.11	258.16	279.32	198.26	279.32	198.26	279.32	198.26	279.32	198.26	279.32	198.26	279.32	198.26	279.32	198.26	279.32									
Europe Ex. UK (531)	147.97	147.97	147.08	104.59	129.19	140.34	-0.1	2.27	148.94	147.03	106.56	132.27	140.48	140.04	106.56	132.27	140.04	106.56	132.27	140.04	106.56	132.27	140.04	106.56	132.27	140.04	106.56	132.27									
World Ex. UK (1950)	163.43	163.43	162.46	115.51	155.99	144.37	-0.2	1.90	162.77	164.74	116.85	138.19	130.50	162.70	116.85	138.19	130.50	162.70	116.85	138.19	130.50	162.70	116.85	138.19	130.50	162.70	116.85	138.19									
World Ex. So. Afr. (2103)	168.87	168.87	163.87	114.77	149.08	198.73	-0.2	2.21	167.31	164.50	117.75	147.70	162.70	168.87	117.75	162.70	168.87	117.75	162.70	168.87	117.75	162.70	168.87	117.75	162.70	168.87	117.75	162.70									
World Ex. Japan (686)	169.48	169.48	167.95	133.64	168.81	185.16	-0.2	2.06	169.48	168.32	133.64	168.81	185.16	169.48	133.64	168.81	185.16	169.48	133.64	168.81	185.16	169.48	133.64	168.81	185.16	169.48	133.64	168.81									
The World Index (155)	107.40	107.40	108.40	110.18	145.53	149.41	-0.2	2.21	107.40	105.01	118.10	146.46	149.48	107.40	118.10	146.46	149.48	107.40	118.10	146.46	149.48	107.40	118.10	146.46	149.48	107.40	118.10	146.46									